

AGENDA FOR A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, APRIL 20, 2022, AT 5:00 P.M.
AT THE DISTRICT OFFICE
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

CALL TO ORDER – PRESIDENT ELITHARP

NOTICE TO THE PUBLIC

Meetings of the Board of Directors of the Vallecitos Water District will be held in the Board Room at the District Office located at 201 Vallecitos de Oro, San Marcos, California, on the date and time identified above.

Vallecitos Water District is following the guidance issued by the County of San Diego, effective March 1, 2022, which follows the California Department of Public Health guidance which recommends that persons attending public meetings are strongly recommended to wear a face covering in indoor public settings, whether vaccinated or not. The Department of Industrial Relations also strongly recommends, but does not require, the use of face coverings by all visitors.

BROADCAST OF THE MEETING. Members of the public may watch the meeting live via computer or smart device by going to the District's website: www.vwd.org/meetings and clicking on the "Watch Live" icon; however, they will not be able to participate in the meeting remotely.

LISTEN TO THE MEETING. Members of the public may listen to the meeting live on their phone by dialing (888) 788-0099 (Toll Free) or (877) 853-5247 (Toll Free). When prompted, enter the meeting ID and Passcode displayed on the District's website.

PLEDGE OF ALLEGIANCE

ROLL CALL

ADDITIONS TO THE AGENDA

Items may be added to the Agenda in accordance with Section 54954.2(b)(2) of the Government Code upon a determination by a majority vote of the Vallecitos Board that an emergency situation exists, as defined in Section 54956.5, or upon a determination by a two-thirds vote of the Board present at the meeting, or, if less than two-thirds of the Board are present, a unanimous vote of Board members present, that there is a need to take immediate action and that the need for action came to the attention of the Vallecitos Water District subsequent to the agenda being posted.

ADOPT AGENDA FOR THE REGULAR MEETING OF APRIL 20, 2022

PUBLIC COMMENT

Persons wishing to address a matter not on the Agenda may be heard at this time; however, no action will be taken until the matter is placed on a future agenda in accordance with Board policy. Public comments are limited to three minutes. A Request to Speak form is required to be submitted to the Executive Assistant prior to the start of the meeting, if possible. Public comment should start by stating name, address and topic. The Board is not permitted during this time to enter into a dialogue with the speaker.

CONSENT CALENDAR

All matters listed under the Consent Calendar are expected to be routine and non-controversial, to be acted upon by the Board by one motion. There will be no separate discussion of these items, unless a Board member or member of the public requests that a particular item(s) be removed from the Consent Calendar, in which case it will be considered separately under Action Items.

1.1 APPROVAL OF MINUTES (pp. 6-21)

- A. ENGINEERING/EQUIPMENT COMMITTEE MEETING – MARCH 23, 2022
- B. PUBLIC AWARENESS/PERSONNEL/POLICY COMMITTEE MEETING – APRIL 4, 2022
- C. REGULAR BOARD MEETING – APRIL 6, 2022
- D. FINANCE/INVESTMENT COMMITTEE MEETING – APRIL 11, 2022

Approved minutes become a permanent public record of the District.

Recommendation: Approve Minutes

1.2 WARRANT LIST THROUGH APRIL 20, 2022 - \$3,709,151.43 (pp. 22-24)

Recommendation: Approve Warrant List

1.3 FINANCIAL REPORTS (pp. 25-46)

- A. WATER METER COUNT – MARCH 31, 2022
- B. WATER PRODUCTION/SALES REPORT – 2021/2022
- C. QUARTERLY FINANCIAL REPORT – MARCH 31, 2022
- D. PER CAPITA WATER CONSUMPTION – MARCH 31, 2022
- E. WATER REVENUE AND EXPENSE REPORT – MARCH 31, 2022
- F. SEWER REVENUE AND EXPENSE REPORT – MARCH 31, 2022
- G. RESERVE FUNDS ACTIVITY – MARCH 31, 2022
- H. INVESTMENT REPORT – MARCH 31, 2022
- I. LEGAL FEES SUMMARY – MARCH 31, 2022

1.4 OPERATIONS & MAINTENANCE METRICS QUARTERLY REPORT – MARCH 31, 2022 (pp. 47-55)

- 1.5 APPROVAL OF CONSTRUCTION AGREEMENT FOR DISCOVERY VILLAGE SEGMENT 2B WATER IMPROVEMENTS (DISCOVERY SL, LLC) (pp. 56-74)

The project is located on Discovery Street between Craven Road and Twin Oaks Valley Road.

Recommendation: Approve Construction Agreement

- 1.6 APPROVAL OF CONSTRUCTION AGREEMENT FOR DISCOVERY VILLAGE SEGMENT 3 WATER IMPROVEMENTS (DISCOVERY SL, LLC) (pp. 75-93)

The project is located on Discovery Street between Craven Road and Twin Oaks Valley Road.

Recommendation: Approve Construction Agreement

- 1.7 APPROVAL OF CONSTRUCTION AGREEMENT FOR HIGH POINT WATER MAIN REPLACEMENT PHASE 1 (TTLC CALWEST, LLC) (pp. 94-112)

The project is located near Palos Vista Reservoir, north of Borden Road, west of Interstate 15 within the City of Escondido.

Recommendation: Approve Construction Agreement

- 1.8 FINAL ACCEPTANCE OF WATER AND SEWER IMPROVEMENTS FOR SUNSET RIDGE SUBDIVISION IMPROVEMENTS (RAECORTE DEVELOPMENT, LLC) (pp. 113-115)

The project is located on Raecorte Place, east of Mycorte Drive in unincorporated San Diego County.

Recommendation: 1) Accept Project Improvements; and 2) Authorize the Filing of a Notice of Completion

- 1.9 PAY ADJUSTMENT FOR OPERATIONS AND MAINTENANCE CONTRACT COORDINATOR (pp. 116-120)

A pay adjustment is being requested to compensate the incumbent for the change in duties and responsibilities.

Recommendation: Adopt Resolution Approving the Revised Annual Pay Schedule

*****END OF CONSENT CALENDAR*****

ACTION ITEM(S)

2.1 WATER SUPPLY CONDITIONS UPDATE AND GOVERNOR'S REQUEST (pp. 121-122)

Last month, Governor Newsom issued an Executive Order asking Californians to limit summertime water use.

Recommendation: Declare a Level 2 – Drought Alert within the District's Service Area

2.2 2022 COST OF SERVICE STUDY UPDATE (pp. 123)

In June of 2020, Raftelis was selected to provide a full Cost of Service Study for the water fund.

Recommendation: For Information Only

2.3 SAN DIEGO NORTH ECONOMIC DEVELOPMENT COUNCIL (SDNEDC) ANNUAL ECONOMIC SUMMIT (pp. 124-126)

The SDNEDC is not on the list of organizations for which meetings are considered compensable per District Ordinance No. 216. Prior approval for per diem and expense reimbursement is required.

Recommendation: Request Board Direction

*****END OF ACTION ITEMS*****

REPORTS

3.1 GENERAL MANAGER

3.2 DISTRICT LEGAL COUNSEL

3.3 SAN DIEGO COUNTY WATER AUTHORITY

3.4 ENCINA WASTEWATER AUTHORITY

- Board of Directors Meeting
- Capital Improvement Committee
- Policy and Finance Committee

3.5 STANDING COMMITTEES

3.6 DIRECTORS REPORTS ON MEETINGS/CONFERENCES/SEMINARS ATTENDED

*****END OF REPORTS*****

OTHER BUSINESS

4.1 MEETINGS

*****END OF OTHER BUSINESS*****

5.1 DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

*****END OF DIRECTORS COMMENTS/FUTURE AGENDA ITEMS*****

6.1 ADJOURNMENT

*****END OF AGENDA*****

If you have any disability which would require accommodation in order to enable you to participate in this meeting, please call the Executive Assistant at 760.744.0460 ext. 261 at least 48 hours prior to the meeting.

Audio and video recordings of all Board meetings are available to the public at the District website www.vwd.org

AFFIDAVIT OF POSTING

I, Ann Johnson, Executive Assistant of the Vallecitos Water District, hereby certify that I caused the posting of this Agenda in the outside display case at the District office, 201 Vallecitos de Oro, San Marcos, California by 5:00 p.m., Thursday, April 14, 2022.

Ann Johnson

MINUTES OF A MEETING OF THE
ENGINEERING/EQUIPMENT COMMITTEE
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, MARCH 23, 2022, AT 3:00 P.M.
VIA TELECONFERENCE

Director Hernandez called the meeting to order at the hour of 3:00 p.m.

Present: Director Elitharp
Director Hernandez
Assistant General Manager Gumpel
District Engineer Hubbard
Capital Facilities Senior Engineer Morgan
Capital Facilities Engineer Santos
Development Services Senior Engineer Lopez
Asset Management Supervisor Bowman
Engineering Services Assistant Fretwell

PUBLIC COMMENT

None.

ITEM(S) FOR DISCUSSION

ADOPTION OF RESOLUTION CERTIFYING A MITIGATED NEGATIVE
DECLARATION FOR THE EMERGENCY BYPASS REHABILITATION PROJECT

Capital Facilities Senior Engineer Morgan provided background on the two pipelines contained within Emergency Bypass Rehabilitation Project. The 16-inch Emergency Bypass Sewer Pipeline redirects raw sewage inbound to Meadowlark Water Reclamation Facility (MRF) and redirects the flows to the Land Outfall Pipeline. The Failsafe Outfall Sewer (Failsafe Outfall) 12-inch pipeline conveys secondary effluent from MRF to the Encina Wastewater Authority's (EWA) Ocean Outfall. Both the 16-inch Emergency Bypass Sewer Pipeline and the parallel 12-inch Failsafe Outfall have experienced failures, which require emergency repairs. Due to the sensitive locations of the repair work between Melrose Drive and Carrillo Way in the City of Carlsbad, the District's Emergency Bypass Sewer Pipeline and the Failsafe Outfall need to be rehabilitated.

Capital Facilities Senior Engineer Morgan stated the Board of Directors authorized a professional services agreement (PSA) for engineering design and environmental services with Recon Environmental, Inc. (Recon) on March 17, 2021. An evaluation of potential environmental impacts was needed per the California Environmental Quality Act (CEQA). After the Initial Study by Recon which stated the proposed project excavations may impact the environment, the project scope was adapted to add specific

trenchless technology, CIPP relining, to mitigate the potential impacts. Staff recommended, per CEQA Section 15070, that a Mitigated Negative Declaration (MND) be prepared by Recon. On October 13, 2021, staff commenced the required 30-day public review, and the District received a total of zero (0) comment letters.

Staff has prepared a resolution certifying an enhanced MND for the Emergency Bypass Rehabilitation Project as complete and adequate, which includes more effective mitigation monitoring measures. With the Committee's support, the resolution will be brought to the Board of Directors on April 6, 2022. If the Board adopts the resolution, staff will file a Notice of Determination with the San Diego County Clerk and a Certificate of Fee Exemption with the California Department of Fish and Wildlife. Staff will also complete the final design and release the project for bid by the summer of 2022.

General discussion took place regarding the capacity of the Failsafe Outfall which allows MRF to discharge a maximum of 3 million gallons per day (MGD) of secondary effluent to the EWA Ocean Outfall. When peak wet weather conditions of 8 MGD occur, MRF can also send 5 MGD of treated, recycled water to the City of Carlsbad and the Olivenhain Municipal Water District through the Mahr Reservoir. If there is an emergency situation where there is too much water in the reservoir, the City of Carlsbad can discharge water to their ocean outfall.

The Committee supports staff recommendation to bring the resolution to the Board of Directors.

MEADOWLARK WATER RECLAMATION FACILITY PROJECTS UPDATE

Capital Facilities Senior Engineer Morgan gave an update on recent and upcoming projects at MRF. Regarding the Headworks Improvements Project, the new augers are giving staff some challenges and require troubleshooting with the vendor. When those issues are resolved and the Biological Selector/Aeration Basin Improvements Project is completed, the Tertiary Structural Rehab and Repairs Project will begin. The Conversion to Sodium Hypochlorite Project is moving forward into 60% design. Staff recently reviewed proposals for the Chlorine Contact Tank Expansion Project and went through the selection process.

The Tesla Battery Energy Storage System (BESS) and Retaining Wall Project will accommodate the Tesla Mega Pack battery pack next to the electrical building. The 30-foot-long retaining wall will give operations working space and access through the existing road.

The Landscaping Improvements Project will overhaul hardscape and landscape which will provide aesthetic benefits and will improve the quality of stormwater runoff at MRF. This project is in the final design stage and will be open for bidding at the end of the summer.

General discussion took place regarding the footprint for the future Direct Potable Reuse (DPR) Pilot Project. Staff indicated it was too early to say, but one area to look at

would be the flat graded area just north of the aeration basins. Staff added there is area west of the secondary clarifiers, but it is very steep and contains rock. Additional discussion took place regarding the purpose of the BESS, whether it would be for emergency or to offset on-peak rate periods. Staff stated it would be primarily for emergency, but offsets would be looked at.

MEADOWLARK WATER RECLAMATION FACILITY CHLORINE CONTACT TANK
EXPANSION PROJECT DESIGN ENGINEERING PROFESSIONAL SERVICES
AGREEMENT AWARD

Capital Facilities Senior Engineer Morgan provided an update on the design award for a professional services agreement for the Chlorine Contact Tank Expansion Project at the Meadowlark Reclamation Facility (MRF). The two chlorine contact tanks (CCT) were last improved during the 1980's plant expansion, and combined, they are rated to convey a design peak flow of 5.0 MGD. The CCT process at MRF is the primary bottleneck which prevents MRF from increasing its peak flow capacity. The Chlorine Contact Tank Expansion Project will increase the CCT flow capacity by 1.5 MGD up to 6.5 MGD. This will allow MRF to also increase its flow capacity to 6.5 MGD.

The project is an operational priority to the District and is scheduled for planning and design in the fiscal year 2021-2022 budget. The District has secured grant funding totaling approximately \$850,000 under Proposition 84, awarded by the State Water Resources Control Board, and there may be an additional 25% match under upcoming grant funding opportunities. The remainder of the cost will come from Reclaimed Water funds.

Capital Facilities Senior Engineer Morgan stated that the District submitted requests for proposals from four (4) local engineering firms on December 1, 2021. On January 14, 2022, staff received proposals from all four of the firms: Kleinfelder, Kennedy/Jenks, Michael Baker International, and LEE & RO. Staff reviewed proposals and rated them on experience, how well they addressed the request for proposal requirements, project approach, scope of work, estimated fee/labor hours, and schedule. Staff completed evaluations of the proposals on February 14, 2022, and Kleinfelder was determined to be the most responsive and qualified consultant. After further discussion, Kleinfelder provided a revised scope of work and not to exceed fee of \$355,385 for design and bid phase professional engineering and environmental services.

Additional staff, overhead, and materials bring the current total to \$520,385, and the construction contract amount is unknown at this time. The project is identified in the fiscal year 2021-2022 budget with an amount of \$4.719 million.

Staff asked for the Committee's support of their recommendation to execute a professional services agreement with Kleinfelder in the not to exceed amount of \$355,385 for project design and bid phase professional engineering and environmental services for the MRF Chlorine Contact Tank Expansion Project.

The Committee supports staff's recommendation.

CONSTRUCTION CONTRACT AWARD FOR SEWER LINING AND REHABILITATION 2021

Capital Facilities Engineer Santos provided an update on the Sewer Lining and Rehabilitation 2021 Project. During yearly scheduled cleanings, the Collections Department identified 44 segments, from manhole to manhole, that have deficiencies and must be rehabilitated to restore structural integrity and flow capacity. These 44 segments span 8,570 feet and are deficient due to various reasons including cracking, root intrusion, calcifying, corrosion, and offset laterals.

Capital Facilities Engineer Santos stated that the Sewer Lining and Rehabilitation 2021 Project began advertising in February 2022. Five (5) lining contractors submitted close bids. The top two bidders had disqualifying issues with their bids, so the third lowest bidder and the most responsive, Southwest Pipeline, was selected with a bid of \$634,086. Staff recommends this option and will present it to the Board of Directors on April 6, 2022, for contract award.

General discussion took place regarding the age and material composition of the District's sewer system.

Staff asked for the Committee's support of their recommendation for contract award to Southwest Pipeline in the amount of \$634,086 for the Sewer Lining and Rehabilitation 2021 Project.

The Committee supports staff's recommendation.

BARHAM DRIVE ILLEGAL SEWER CONNECTIONS

Development Services Senior Engineer Lopez gave a brief presentation regarding illegal sewer connections on Barham Drive. During the plan check process of a sewer main extension for the Sunrise-Orix Project, staff discovered illegal sewer connections on two parcels. It was discovered that correspondence with property owners dates back to 1996, however the improvements were not made. On February 1, 2022, the new property owner was notified of the illegal sewer connections and that the sewer main extension project could relieve the construction costs if they paid sewer capacity fees before the project began.

On February 24, 2022, the sewer capacity fees of \$27,932 were paid. The developer of the Sunrise-Orix project is scheduled to begin construction of the sewer main extension in April or May. Legal sewer laterals for each parcel will be installed at that time.

Development Services Senior Engineer Lopez stated no recommendation was requested from the Committee. The presentation was informational only to provide a brief history of the illegal connections and the positive outcome.

SUPPLY CHAIN DISCUSSION

Assistant General Manager Gumpel stated that some items from the current 2021-2022 fiscal year budget have been purchased but are delayed due to the worldwide supply chain problems. Most of the items ordered in the Operations Department such as vehicles have not been received.

These items will be re-budgeted for the next fiscal year. This was explained to clarify what will appear in the reporting: that purchases were low in fiscal year 2021-2022 and will be higher in fiscal year 2022-2023 due to the delay in acquiring material and equipment.

General discussion took place regarding pricing. It is not guaranteed the District will keep the same pricing currently agreed upon. The price may increase by the time the purchases arrive due to the current market conditions and the low priority for public agency fleet sales.

OTHER BUSINESS

None.

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at the hour of 3:52 p.m.

MINUTES OF A MEETING OF THE
PUBLIC AWARENESS/PERSONNEL/POLICY COMMITTEE
OF THE VALLECITOS WATER DISTRICT
MONDAY, APRIL 4, 2022, AT 10:00 A.M.
AT THE DISTRICT OFFICE IN THE BOARD ROOM
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

Director Boyd-Hodgson called the meeting to order at the hour of 10:00 a.m.

Present: Director Boyd-Hodgson
Director Pennock
General Manager Pruim
Assistant General Manager Gumpel
Public Information/Conservation Supervisor Robbins
Information Technology Technician Todd
Executive Assistant Johnson

PUBLIC COMMENT

None.

ITEMS FOR DISCUSSION

PERSONNEL

None.

PUBLIC AWARENESS

(NEW BUSINESS) DISCUSSION ON DROUGHT LEVEL 2

Public Information/Conservation Supervisor Robbins facilitated a presentation, Level 2 – “Drought Alert” Discussion, which included the following:

- Level 2 – Drought Alert – 20% Reduction
- Governor’s Executive Order of March 28, 2022
- District Ordinance No. 219 – Permanent Water Use Restrictions

Public Information/Conservation Supervisor Robbins stated Governor Newsom is calling on local water suppliers to move to Level 2 of their water shortage contingency plans, and directed the State Water Resources Control Board to consider a ban on the watering of decorative grass at businesses and institutions. Upon Board action to declare the existence of Drought Response Level 2 conditions, the District’s Level 2 Drought Alert would limit residential and commercial landscape irrigation to no more than three assigned days per week June through October, and no more than two days per week November through May. Drought rates would be effect at the drought alert rate.

General discussion took place regarding enforcement of drought restrictions, ideas for public outreach, and drought rates.

The Committee recommended moving to Drought Level 2 on a voluntary basis. This item will be presented to the Board at the April 20, 2022, meeting for consideration.

(NEW BUSINESS) HYDRATION STATION PARTNERSHIP EVENT WITH THE CITY OF SAN MARCOS ON SATURDAY, MAY 7, 2022

Public Information/Conservation Supervisor Robbins provided information on Bark at the Park, a joint event between the City of San Marcos and the District to celebrate the installation of five new hydration stations at local parks. Staff obtained \$25,000 in grant funds to pay for the hydration stations with attached dog bowls which will allow residents to refill reusable water bottles at the parks as well as hydrate their dogs. Dog adoption agencies will also take part in the event, scheduled for May 7, 2022, from 10:00 a.m. to 12:00 p.m. at Woodland Park. The local sheriff's canine unit may participate as well. Staff will be distributing reusable water bottles at the event.

(OLD BUSINESS) UPDATE ON BILL DEAN PROGRAM

General Manager Pruum stated Bill Dean's program for fifth graders will begin at 12:40 p.m. today at La Costa Meadows Elementary School. The two-week program includes daily one hour sessions. Various District staff will be participating in the program.

POLICY

(NEW BUSINESS) WATER LEAKS ON THE CUSTOMER SIDE

Director Boyd-Hodgson requested this item as she hears about this quite often from customers.

General Manager Pruum stated repairs on the customer side of the meter are the customer's responsibility; however, staff tries to help in various ways. If staff notices a big difference in usage on monthly water bills, they may reach out to the customer to determine what the problem could be such as a break, an incorrect setting on an irrigation controller, or other issues. If the problem is an irrigation break on the customer's side of the meter, the customer is informed that it is their responsibility to repair the break. The District also offers a one-time "leak adjustment" if a customer can demonstrate that they had a break. In this situation, the customer still pays for their water usage, but not at Tier 3 rates. The District also offers irrigation audits that are performed by a third party.

General discussion took place.

(OLD BUSINESS) REVIEW OF ORDINANCE NO. 216 (BUSINESS OF THE BOARD)

General Manager Pruim stated the Board directed this Committee to further review Ordinance No. 216 after they received the Committee's recommendations for revisions at a previous Board meeting. Areas of concern were President selection and duties of the President. He suggested the Committee formulate some options for the Board to consider.

General discussion took place regarding the current sequence (and past practice) for rotating Directors into the office of the President: Division 5, Division 1, Division 4, Division 3, Division 2. The Committee recommends continuing with the current rotation without the provision that each elected Director will have the opportunity to hold the office of President once during their first term, and including the rotation order (by division, no names) in Ordinance No. 216. The office of Vice President would follow the same rotation as President, being one year behind.

Further general discussion took place regarding the duties of the President: 1) recommends committee/representative assignments which, as in past practice, are ultimately approved by the Board; 2) presides over Board meetings; 3) represents the District at various functions; 4) meets with the General Manager to review agenda prior to Board meetings; and 5) is entitled to one vote on matters, the same as all other Directors. The Committee recommends keeping the current practice of the President recommending committee/representative assignments with the Board voting to approve the assignments.

The Committee discussed whether or not a second or vote is needed when a Director requests a future agenda item during a Board meeting. General Manager Pruim stated that many agencies require that at least one other Director support an agenda item to be added to an agenda. He recommended requiring a second from another Director to support the proposed agenda item which would mean there is some general support for the item. This would avoid staff spending a considerable amount of time preparing an item that goes nowhere. The Board could also send the item to a committee before the Board considers it.

Staff will prepare a redlined version of Ordinance No. 216 incorporating the Committee's recommended revisions and will send it to the Committee for review before placing it on an agenda for the Board's consideration.

NEXT MEETING DATE – MAY 2, 2022

The next Committee meeting is scheduled for 10:00 a.m. on Monday, May 2, 2022, in the Board Room.

ADJOURNMENT

There being no further business to discuss, the meeting adjourned at the hour of 11:32 a.m.

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, APRIL 6, 2022, AT 5:00 PM, AT THE DISTRICT OFFICE
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Elitharp called the Regular meeting to order at the hour of 5:00 p.m.

Present: Director Boyd-Hodgson
Director Elitharp
Director Hernandez
Director Pennock
Director Sannella

Staff Present: General Manager Pruum
Assistant General Manager Gumpel
Legal Counsel Gilpin
Administrative Services Manager Emmanuel
District Engineer Hubbard
Finance Manager Owen
Operations & Maintenance Manager Pedrazzi
Capital Facilities Senior Engineer Morgan
Development Services Senior Engineer Lopez
Information Technology Technician Todd
Executive Assistant Johnson

Director Boyd-Hodgson led the pledge of allegiance.

ADDITIONS TO THE AGENDA

None.

ADOPT AGENDA FOR THE REGULAR MEETING OF APRIL 6, 2022

22-04-01 MOTION WAS MADE by Director Hernandez, seconded by Director Sannella, and carried unanimously, to adopt the agenda for the Regular Board Meeting of April 6, 2022.

PUBLIC COMMENT

None.

PRESENTATION

Andy Sells, Chief Executive Officer with the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA), David Drake, ACWA/JPIA Executive Committee member, and Adrienne Beatty, JPIA Assistant Executive Officer, presented Vallecitos Water District with a refund check in the amount of \$126,945 due to the District's low insurance claims history.

CONSENT CALENDAR

22-04-02 MOTION WAS MADE by Director Sannella, seconded by Director Pennock, and carried unanimously, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

- A. Regular Board Meeting – March 16, 2022
- B. Finance/Investment Committee Meeting – March 21, 2022

1.2 Warrant List through April 6, 2022 - \$3,730,226.84

1.3 Approval of Construction Agreement for Starbucks on Bent Avenue – Water and Sewer Improvements (Carkel San Marcos, LLC)

1.4 Request for Annexation of Certain Property Designated as “1359 Montiel Road Sewer Annexation” into the Vallecitos Water District Water and Sewer Service

1.5 Award of Amendment to As-Needed Task Order for Environmental, Health, and Safety Technical Assistance

1.6 Financial Institution Registry and Authorization

1.7 Management Leave Policy Implementation

ACTION ITEM(S)

MEADOWLARK WATER RECLAMATION FACILITY CHLORINE CONTACT TANK EXPANSION PROJECT DESIGN ENGINEERING PROFESSIONAL SERVICES AGREEMENT AWARD

Capital Facilities Senior Engineer Morgan provided the background and scope of the project. The District secured grant funding of approximately \$850,000 plus up to a 25% match of total project costs in future rounds of funding from the State Water Resources Control Board. Project reimbursement through recycled water rates will also be acquired from current recycled water customers. The project is scheduled for planning and design in the Fiscal Year 2021/2022 Capital Improvement Program Budget. Upon review of four proposals received during the Request For Proposals process, staff determined Kleinfelder to be the most responsive and qualified consultant.

Staff recommended the Board authorize the General Manager to execute a professional services agreement with Kleinfelder in the not to exceed amount of \$355,385 for project design and bid phase engineering and environmental services for the Meadowlark Water Reclamation Facility Chlorine Contact Tank Expansion Project.

General discussion took place.

22-04-03 MOTION WAS MADE by Director Hernandez, seconded by Director Boyd-Hodgson, and carried unanimously, to approve staff's recommendation.

CONSTRUCTION CONTRACT AWARD FOR SEWER LINING AND REHABILITATION 2021

Capital Facilities Senior Engineer Morgan stated that operational maintenance and structural deficiencies were identified in existing segments of vitrified clay pipe and ductile iron pipe sanitary sewer segments throughout 44 different locations within the District, and require rehabilitation to restore pipeline structural or operational integrity. He reviewed the project scope, bidding process, and budget summary.

Staff recommended the Board authorize the General Manager to execute a construction contract with Southwest Pipeline & Trenchless Corporation in the amount of \$634,086 for the Sewer Lining and Rehabilitation 2021 Project, subject to the provisions of the contract.

General discussion took place.

22-04-04 MOTION WAS MADE by Director Sannella, seconded by Director Pennock, and carried unanimously, to approve staff's recommendation.

ADOPTION OF RESOLUTION CERTIFYING A MITIGATED NEGATIVE DECLARATION FOR THE EMERGENCY BYPASS REHABILITATION PROJECT

Capital Facilities Senior Engineer Morgan reviewed the staff report regarding the existing 16-inch diameter sewer pipeline, originally installed in 1969, that serves as an emergency bypass/relief sewer, and the Failsafe Outfall Sewer, a 12-inch ductile iron pipe installed in 1980, which connects the Meadowlark Water Reclamation Facility to the Encina Wastewater Authority's Ocean Outfall. Both pipelines have experienced failures resulting in sewer spills and requiring emergency repairs. Due to the environmentally sensitive areas of the work and regulatory action against the District from previous spills, the Board authorized a professional services agreement on March 17, 2021, for engineering design and environmental services to rehabilitate the Emergency Bypass Sewer Pipeline and Failsafe Outfall. The project is in final design and required an evaluation of potential environmental impacts per the California Environmental Quality Act (CEQA).

Capital Facilities Senior Engineer Morgan stated that an Initial Study and Mitigated Negative Declaration (MND) were prepared for the project corridor between Melrose Drive and Carrillo Way in the City of Carlsbad. Based on the study, staff determined the proposed project excavations may impact the environment and recommended that a MND and Mitigation Monitoring and Reporting Program (MMRP) be adopted. As required by CEQA, an Emergency Bypass Rehabilitation Project Notice of Preparation, Initial Study, and draft MND were circulated and a 30-day public review period commenced on October 13, 2021. The District did not receive any comment letters. Staff has prepared a resolution to approve the MND for the project, adopt the MMRP, and find that all environmental impacts of the project are less than significant with the mitigation set forth in the MND and MMRP, and that there

is no substantial evidence in the administrative record supporting a fair argument that the project may result in significant environmental impacts. Upon adoption of the resolution, staff will file a Notice of Determination with the San Diego County Clerk and a Certificate of Fee Exemption with the California Department of Fish and Wildlife.

Staff recommended the Board adopt the resolution approving the MND and MMRP for the Emergency Bypass Rehabilitation Project.

General discussion took place.

22-04-05 MOTION WAS MADE by Director Hernandez, seconded by Director Pennock, and carried unanimously, to adopt the resolution.

Resolution No. 1610 - The roll call vote was as follows:

AYES: Boyd-Hodgson, Hernandez, Pennock, Sannella, Elitharp
NOES:
ABSTAIN:
ABSENT:

REPORTS

GENERAL MANAGER

General Manager Pruim reported the following:

- Staff continues to work with the City of San Marcos regarding South Lake and recently sent a revised agreement to the City for their review.
- The District has completed the State water arrearages payment program to assist customers who were unable to pay their water bills due to COVID related issues. The funds helped more than 300 customers.
- The State recently kicked off the wastewater arrearages payment program similar to the water arrearages payment program. The District submitted an application for approximately \$46,000.

DISTRICT LEGAL COUNSEL

Legal Counsel Gilpin stated Governor Newsom issued a new executive drought order last week. Water suppliers will be required to activate Level 2 water storage contingency plans, a 20% reduction. The order also includes a voluntary piece to encourage more stringent reductions up to 30% and for the State Water Resources Control Board to consider banning irrigation of non-functional turf for commercial and institutional properties. General Manager Pruim stated an item concerning the District's Drought Alert Level 2 will be placed on the next Board agenda.

SAN DIEGO COUNTY WATER AUTHORITY

Director Elitharp provided a summary of actions taken at the SDCWA Board meeting on March 24.

ENCINA WASTEWATER AUTHORITY

Director Hernandez reported that the EWA Board recently held a Closed Session meeting regarding a personnel matter.

STANDING COMMITTEES

Director Boyd-Hodgson provided a summary of items discussed at the Public Awareness/Personnel/Policy Committee meeting on April 4.

Director Hernandez stated that items discussed at the Engineering/Equipment Committee meeting on March 23 were presented at this Board meeting for approval.

President Elitharp provided a summary of items discussed at the Finance/Investment Committee meeting on March 21.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

None.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Sannella requested an update on permanent roadway repairs in the area of a recent water line break on Island Drive. Staff stated that it is customary to wait a few months after the repair of a water line break before making the permanent roadway repair to allow the area to dry out.

Director Boyd-Hodgson complimented staff for their efforts which resulted in the refund from ACWA/JPIA that was presented earlier in the meeting, and for sending out emails regarding the Barham water main break. She also commented on her recent visit to the Fallbrook Public Utilities Santa Margarita Conjunctive Use Project.

ADJOURNMENT

There being no further business to discuss, President Elitharp adjourned the Regular Meeting of the Board of Directors at the hour of 6:05 p.m.

A Regular Meeting of the Vallecitos Board of Directors has been scheduled for Wednesday, April 20, 2022, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

Craig Elitharp, President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Pruim, Secretary
Board of Directors
Vallecitos Water District

MINUTES OF A MEETING OF THE
FINANCE/INVESTMENT COMMITTEE
OF THE VALLECITOS WATER DISTRICT
MONDAY, APRIL 11, 2022 AT 11:00 A.M.
AT THE DISTRICT OFFICE IN THE BOARD ROOM
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

Director Elitharp called the meeting to order at the hour of 11:00 a.m.

Present: Director Boyd-Hodgson
Director Elitharp
General Manager Pruim
Assistant General Manager Gumpel
District Engineer Hubbard
Finance Manager Owen
Operations & Maintenance Manager Pedrazzi
Accounting Supervisor Rathsam
Principal Financial Analyst Arthur
Information Technology Technician Todd
Executive Assistant Johnson

PUBLIC COMMENT

None.

ITEM(S) FOR DISCUSSION

PRELIMINARY SALARIES AND BENEFITS/CAPITAL BUDGET REQUESTS

Finance Manager Owen provided an update on the Fiscal Year 2022/2023 budget process to date. Staff facilitated a presentation as follows:

- Preliminary Salary and Benefits
- Directors' Salary and Benefits
- Operating Budget – Salaries and Benefits
- Operating Budget – Full-Time Equivalent Employees
- Draft Capital Budget Page
- Draft Capital Budget
 - Comprehensive Project List
 - Carryover Projects
 - New Projects
- Vehicles and Equipment
- Water Sales and Purchases
- Water Purchases
- Budget Calendar

- Board Workshop – May 5
- Board Workshop – May 18
- Regular Board Meeting – June 1 (Approval of Recommended Budget)

Question and answer took place during the presentation. It was noted that all numbers presented were preliminary and subject to change. General Manager Pruim stated the Board workshop tentatively scheduled for May 5 will need to be rescheduled due to Board travel conflicts.

COST OF SERVICE STUDY UPDATE

Principal Financial Analyst Arthur stated staff have been working with a consultant for the past 18 months to update the District's Cost of Service Study (COSS). Changes are being considered for pass-through rates from the San Diego County Water Authority, increases for internal District costs, changing the Proposition 218 Notice to cover a five-year period, and establishing drought rates. He facilitated a presentation as follows:

- Calendar/Deadlines
 - Board Workshop – May 10 (Tentative)
 - Notice of Public Hearing Mailed – May 12
 - Public Hearing – July 6
 - New Rates in Effect – July 7
 - For Bills Mailed On or After August 6
- Fixed Ready-to-Serve Charges
- Commodity Rates
- Sample Bill
- Drought Rates
- Rate Survey
- Proposition 218 Notice

General discussion and question and answer took place during the presentation.

OTHER BUSINESS

None.

ADJOURNMENT

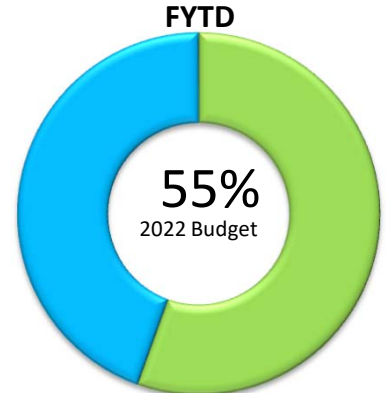
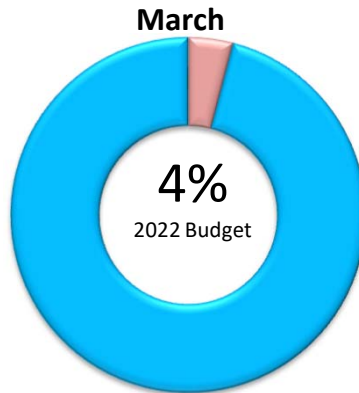
There being no further business to discuss, the meeting was adjourned at the hour of 1:01 p.m.

**VALLECITOS WATER DISTRICT
DISBURSEMENTS SUMMARY
March 31, 2022**

Summary

March Disbursements	\$	3,596,439 *
YTD Disbursements	\$	48,864,685 *
FY2022 Budget	\$	88,064,000

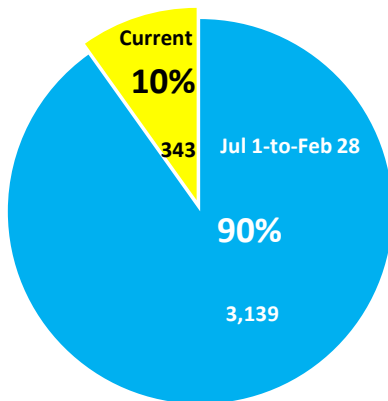
* Excludes Debt Service



Disbursements by Month



Invoices Processed



Top 10 Vendors - FYTD

SAN DIEGO COUNTY WATER AUTH.	\$24.6M
ENCINA WASTEWATER AUTHORITY	\$7.4M
ACWA/JOINT POWERS INSURANCE	\$2.6M
PUBLIC EMPLOYEES RETIRE SYSTM	\$2.3M
TC CONSTRUCTION CO INC	\$1.7M
SAN DIEGO GAS & ELECTRIC	\$897.8K
SS MECHANICAL CONSTRUCTION CORP.	\$600.0K
OLIVENHAIN MWD	\$573.7K
HAAKER EQUIPMENT CO.	\$456.1K
JAMISON ENGINEERING...	\$424.2K

VALLECITOS WATER DISTRICT
WARRANTS LIST
April 20, 2022

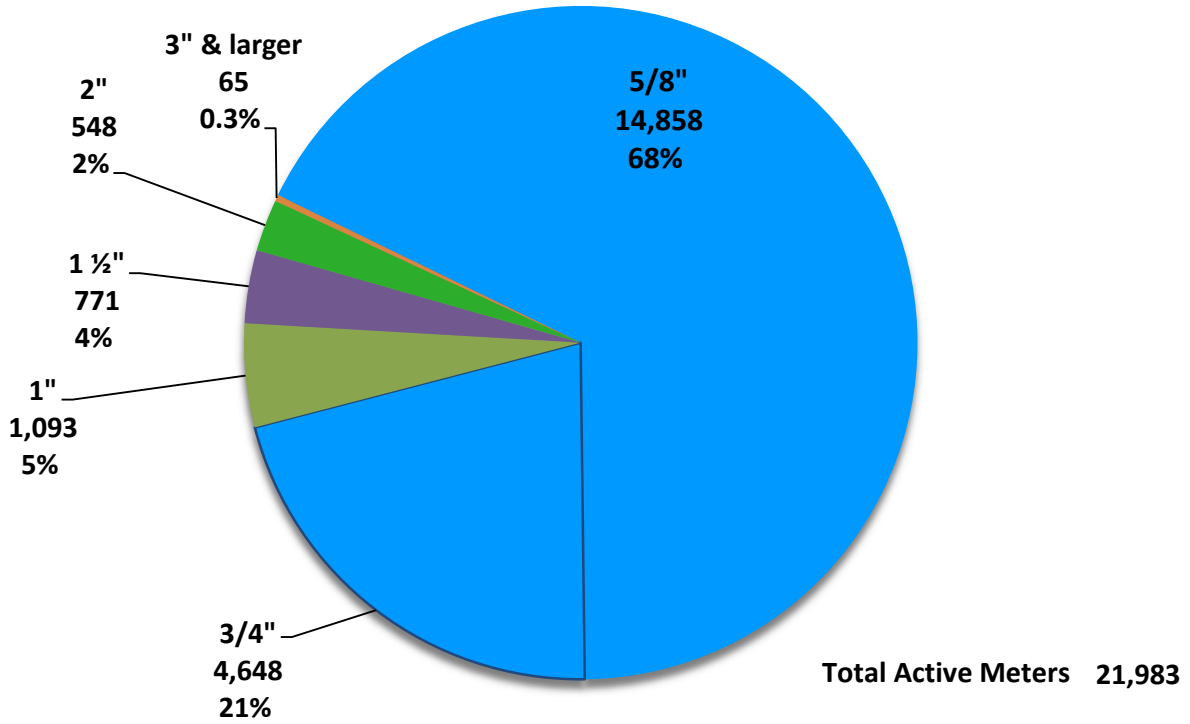
PAYEE	DESCRIPTION	CHECK#	AMOUNT
CHECKS			
Garnishments	Payroll Garnishments	123883 through	123885 -
Abhatullah Akbarzad	Closed Account Refund	123886	8.52
Airwave Mechanical	HVAC Emergency Replacement - Server Room, HVAC Quarterly Maintenance - HQ & MRF	123887	17,254.26
Aloha Printing	District Logo - Window Envelopes	123888	850.73
AT&T	Phone Svc - Mar	123889	22.56
Bill Howe Plumbing	Faucet Replacement - Finance Kitchenette	123890	392.17
Bluewave Security	Door Controller & Proximity Reader	123891	1,903.38
Bonsall Petroleum Constr Inc	Fuel Island Repair	123892	112.50
Boot Barn	Safety Boots - 2 Pairs	123893	300.00
Boot World Inc	Safety Boots	123894	150.00
State Board of Equalization	Underground Fuel Storage Tank Fees Quarter Ending 3-31-22	123895	198.00
State Board of Equalization	Annual Use Tax Period Ending 12-31-21	123896	1,669.00
City of San Marcos	Water Bottle Filling Stations - 5 Community Parks Prj 20211-672	123897	24,678.30
Corinthian Title Company, Inc.	Preliminary Title Report - Prj 20211-7	123898	400.00
Corodata Media Storage Inc	Back Up Storage Tape - Mar	123899	201.95
Dan Wiberg or Norma Wiberg	Closed Account Refund	123900	25.39
State of California	Environmental Document Filing Fees Prj 20211-3	123901	2,598.00
DirecTV Inc	Satellite Svc - Mar	123902	128.24
Dragoljub Bujosevic	Closed Account Refund	123903	70.00
Craig Durban	Reimbursement - CWEA Cert Renewal	123904	101.00
Erin Casey	Closed Account Refund	123905	150.00
Fisher Scientific LLC	Lab Supplies	123906	73.07
Fleet Pride	Gear Pump - Veh 273	123907	533.36
Harper & Associates Inc	Sage Canyon Tank Rehab Prj 20201-6	123908	510.00
Infosend Inc	Utility Bill Inserts - CWA Refunds	123909	616.00
Interstate Batteries	PLC & UPS Batteries - 22	123910	799.33
Jack Henry & Assoc Inc	Remit Plus Support Svcs - Mar	123911	153.36
James Lowther	Closed Account Refund	123912	99.66
JCI Jones Chemicals Inc	Chlorine	123913	8,012.57
Loc Truong	Closed Account Refund	123914	13.84
Mallory Safety & Supply, LLC	MRF - Ladders 3, Chlorine Gas Tanks 2	123915	3,073.62
Michael Baker International, Inc.	Montiel Lift Station Prj 20201-2	123916	3,378.60
Mission Resource Conservation District	Water Use Evaluations - 3 Prj 20221-51	123917	250.00
Morton Salt, Inc.	Industrial Salt	123918	4,443.24
Ostari Inc	IT Support Aug - Oct & Feb & DUO Software Subscription - Feb & Mar	123919	13,867.00
Parkhouse Tire Inc	Fleet Tire Stock - 11 Tires	123920	1,825.68
Patriot Portable Restroom Inc	Portable Restroom Rental - Mar	123921	295.76
Pitney Bowes	Postage Meter Refill	123922	1,000.00
Plumbers Depot Inc	CCTV Remote & LED Light Head	123923	2,342.45
Power Seal	Warehouse Repair Clamp Inventory	123924	5,534.28
Randi Arvanitis	Closed Account Refund	123925	19.10
Road Soup LLC	Asphalt	123926	3,705.75
San Diego County Water Authority	Water Connection Fees Quarter Ending 3-31-22	123927	295,758.00
SDG&E	Power - Mar	123928	19,986.03
Sarah Fahrney	Closed Account Refund	123929	26.67
Southwest Valve & Equipment	Parts For 24" Check Valve Rebuild - MRF	123930	8,064.32
Standard Insurance Company	LIFE, LTD, & ADD Insurance - Apr	123931	6,111.17
Staples Advantage	Office Supplies - Mar	123932	3,012.89
Stericycle, Inc.	Shredding Svcs - Mar	123933	477.20
Sundown Corbin	Closed Account Refund	123934	18.27
Thomas Cormack	Closed Account Refund	123935	5.11
Total Resource Mgt Inc	Maximo Upgrade	123936	16,896.67
Univar USA Inc	Caustic Soda	123937	4,226.48
UPS	Shipping Services - Mar	123938	11.64
Utilis Inc	Satellite Leak Collaboration w/SDCWA - Asset Management Replacement Prj 20141-4	123939	43,624.00
Verizon Wireless	Ipad Svcs - Mar	123940	380.22
Westley Owen	CSMFO Conference 2-16-22	123941	147.23
Work Partners Occupational Health	Medical Svcs - Jan & Feb	123942	540.40
Grainger Inc	California State Flags - 3, Rust Remover & Safety Supplies	123943	531.47
Granicus, LLC	Website Design & Implementation Prj 20221-35	123944	3,000.00
Hach Company	Flow Meter & Water Quality Supplies	123945	10,511.92
Instrumart	Submersible Transducer For Potable Tank - MRF	123946	1,194.91
Irwin Painting & Finishing Inc	Painting of Safety Technician's Office	123947	1,000.00
J W D'Angelo Co Inc	Couplings 4, Air Vac Cans 6, & Gate Valves 2	123948	4,681.40
Kaman Industrial Technologies	Hardware Supplies	123949	121.62
Lloyd Pest Control	Pest Control Svcs - Mar	123950	563.00
McMaster-Carr Supply Co	Exhaust Blower - Mahr	123951	657.29
Pacific Pipeline Supply	Warehouse Pipeline Restock Supplies: Couplings 5 & Pipe Fitting Restraints 4	123952	5,291.27
R & B Automation Inc	Modification & Installation of Backwash Valve Actuator - MRF	123953	11,196.58

VALLECITOS WATER DISTRICT
WARRANTS LIST
April 20, 2022

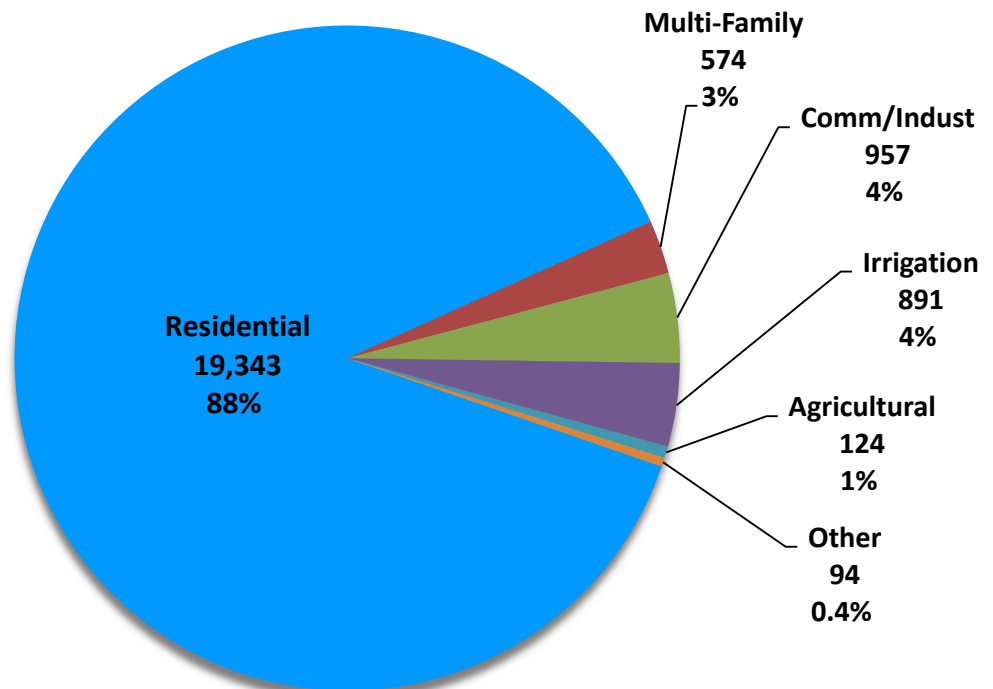
PAYEE	DESCRIPTION	CHECK#	AMOUNT
Raymond Allyn Business Supplies	Ergonomic Office Chairs - 2 Inspections & Development Services Dept	123954	1,152.82
T.S. Industrial Supply	Hardware Supplies	123955	366.13
Talley Communications	SCADA Radio Supplies Prj 20201-4	123956	349.32
Unifirst Corporation	Uniform Delivery	123957	394.80
Vortex Industries Inc	Back Gate Repair - District HQ	123958	1,510.73
ACWA/Joint Powers Insurance	Medical Insurance - May	123959	230,619.86
County of San Diego	Document Filing Fees Prj 20211-3	123960	2,598.00
James R Hernandez	Wateruse Symposium 3-6-22	123961	225.09
Home Depot Credit Services	Hardware Supplies - Mar	123962	150.16
Matthew Thompson	Computer Loan Purchase Program	123963	1,706.13
Pitney Bowes	Postage Meter - Supplies	123964	384.64
Union Bank FKA 1st Bank Card	Meetings & Travel - Mar	123965	1,861.42
Union Bank FKA 1st Bank Card	Meetings & Travel - Mar	123966	7,325.63
SDG&E	Power - Mar	123967	14,824.05
Total Disbursements (82 Checks)			<u>803,265.21</u>
WIRES			
San Diego County Water Authority	March Water Bill	Wire	2,410,480.62
Public Employees Retirement System	Retirement Contribution - April 5, 2022 Payroll	Wire	78,218.93
Public Employees Retirement System	Replacement Benefit Fund	Wire	10,529.19
Total Wires			<u>2,499,228.74</u>
PAYROLL			
Total direct deposits		Wire	248,110.32
VWD Employee Association		123883	572.00
Payroll & Garnishments		123885	1,147.37
IRS	Federal payroll tax deposits	Wire	102,542.80
Employment Development Department	California payroll tax deposit	Wire	20,608.78
CalPERS	Deferred compensation withheld	Wire	24,350.23
VOYA	Deferred compensation withheld	Wire	9,325.98
Total April 5, 2022 Payroll Disbursements			<u>406,657.48</u>
TOTAL DISBURSEMENTS			<u><u>3,709,151.43</u></u>

Vallecitos Water District
 Active Water Meters
 March 31, 2022

Active Meters by Size as of March 31, 2022

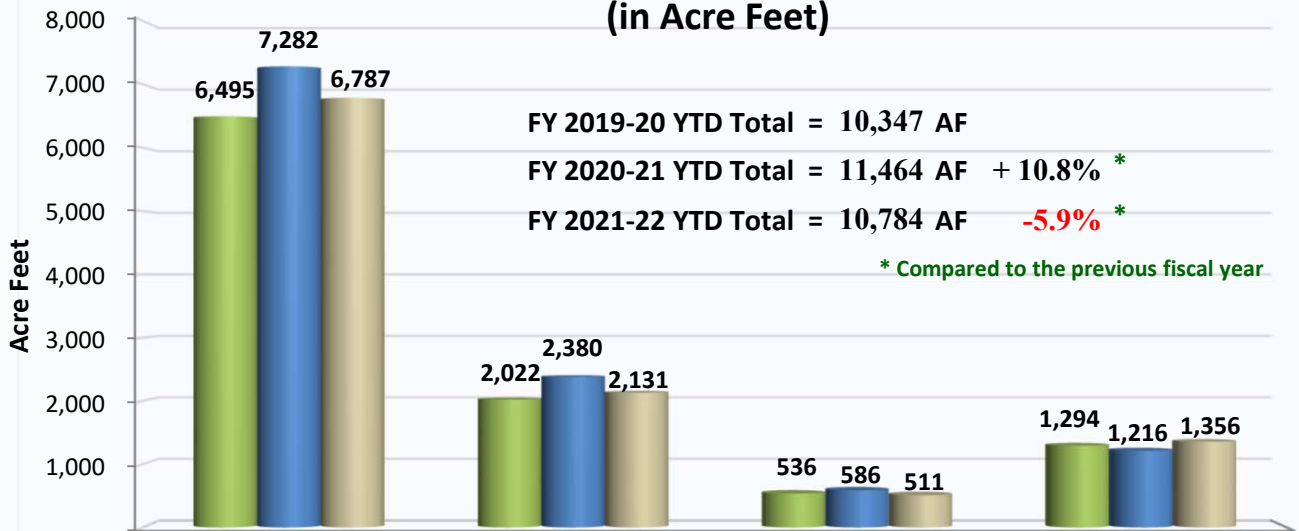


Active Meters by Type as of March 31, 2022



Vallejos Water District
 Water Production/Sales
 March 31, 2022

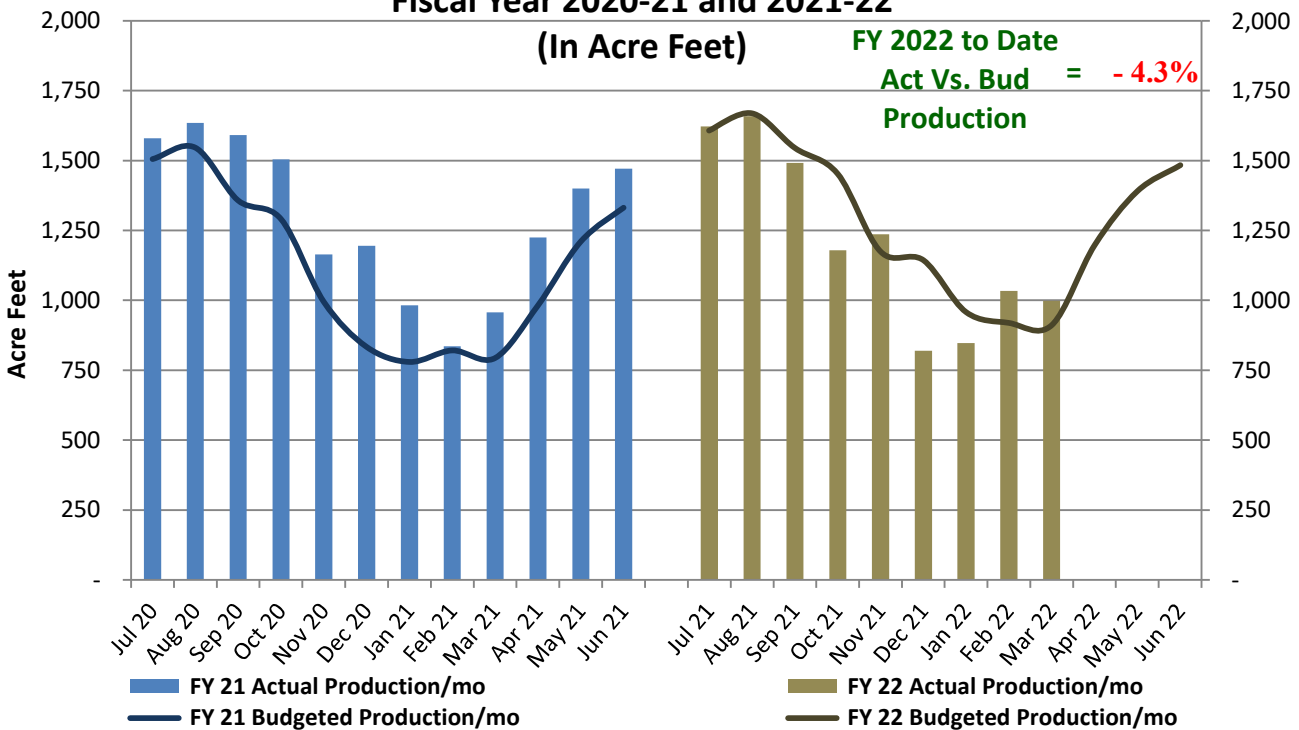
Water Sales FY 19-20, FY 20-21 and FY 21-22 (FYTD)
(in Acre Feet)



	Residential	Irrigation	Agricultural	Commer/ Indust/ Const/ Oth
FY 19-20	6,495	2,022	536	1,294
FY 20-21	7,282	2,380	586	1,216
FY 21-22	6,787	2,131	511	1,356

Water Production Budget vs. Actual
Fiscal Year 2020-21 and 2021-22

(In Acre Feet)



OVERVIEW

With the third quarter complete, the District's water fund had a net operating income of \$4.4 million (before depreciation) while the sewer fund had a net operating income of \$6.8 million (before depreciation). The District is cash funding capital projects and is current on all debt service payments.

WATER FUND

Overall, the water fund performed as expected during the third quarter of Fiscal Year 2022.

Revenues: Water Sales performed as expected at 77% of total budget. Ready to Serve (RTS) & Pumping Cost Recovery also performed as expected. Other revenue is high due to a rebate received from the District Wide Solar project.

Revenue	Budget	YTD Actual	Percent
Water Sales	\$ 31,180,000	\$ 24,123,066	77%
Ready to Serve	14,310,000	10,999,898	77%
Pumping Cost Rec	415,000	313,130	75%
Other	601,000	555,444	92%
Total	\$ 46,506,000	\$ 35,991,538	77%

Expenses: Water Purchases performed as expected at 72% of total budget. Operating expenses are low mainly due to timing of outside services being performed & lower power costs. Supporting expenses were low due to a reduction in bad debt expense & product supply shortages. General & Administration expenses were low due to more time being charged to projects than anticipated.

Expense	Budget	YTD Actual	Percent
Water Purchases	\$ 32,652,000	\$ 23,466,873	72%
Operating	5,022,000	3,010,094	60%
Supporting	4,773,000	3,003,943	63%
General & Admin	3,134,000	2,152,201	69%
Total	\$ 45,581,000	\$ 31,633,111	69%

SEWER FUND

The Sewer Fund performed as expected through the third quarter of Fiscal Year 2022.

Revenues: Sewer Service Charges & Reclaimed Water Sales performed as planned. Other Revenue was low due to fewer delinquency revenues than anticipated.

Revenue	Budget	YTD Actual	Percent
Sewer Service	\$ 17,763,000	\$ 13,797,336	78%
Reclaimed	2,975,000	2,231,250	75%
Other	317,000	177,817	56%
Total	\$ 21,055,000	\$ 16,206,403	77%

SEWER FUND (continued)

Expenses: Treatment expenses were low due to timing of budgeted material purchases and outside services. Operating & Support expenses were low due to lower outside services thus far. General & Admin expenses were high due to the timing of legal fees.

Expense	Budget	YTD Actual	Percent
Treatment	\$ 6,405,000	\$ 4,454,649	70%
Operating	2,823,000	1,954,229	69%
Supporting	3,117,000	1,873,074	60%
General & Admin	1,427,000	1,128,630	79%
Total	\$ 13,772,000	\$ 9,410,582	68%

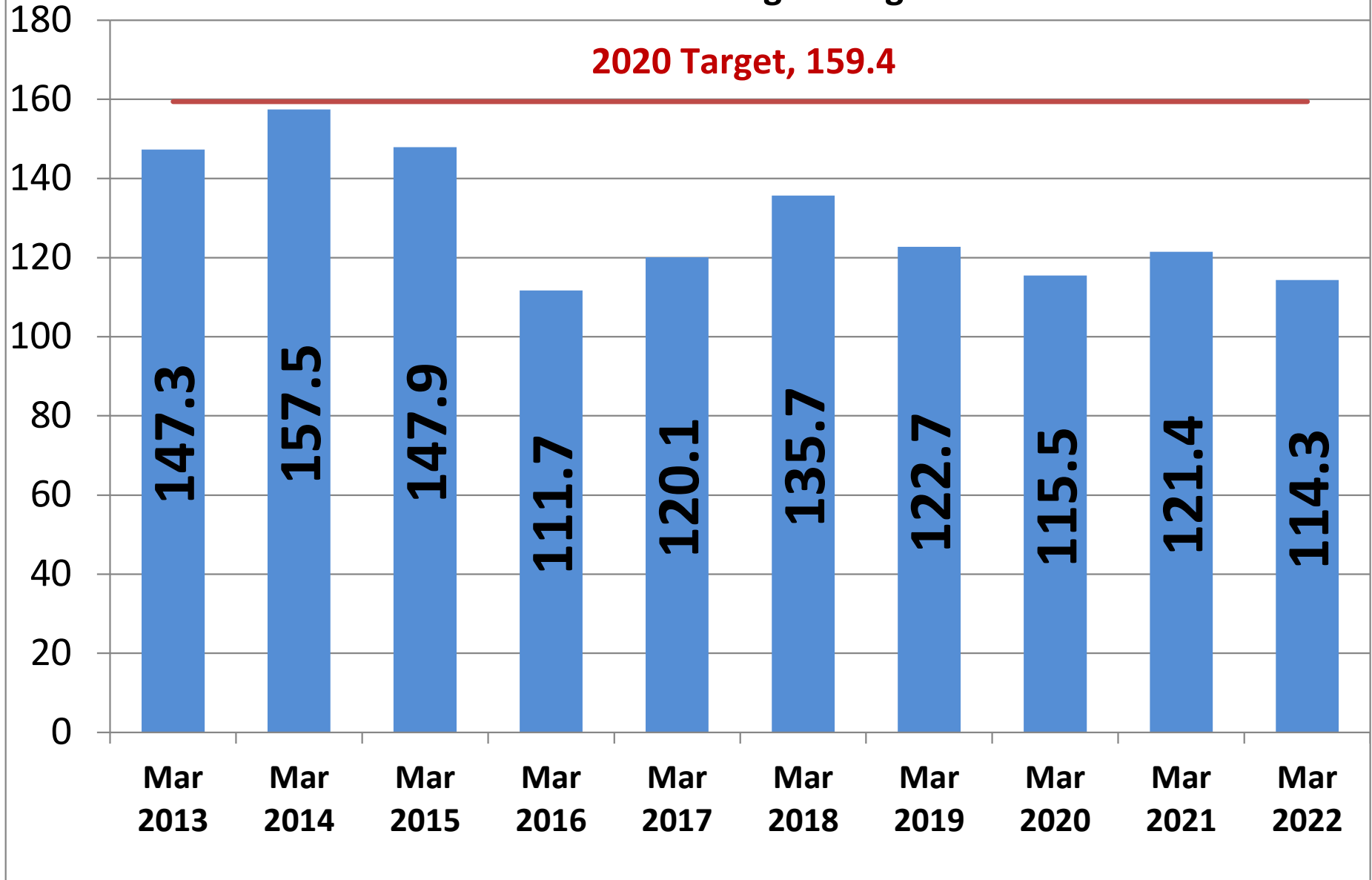
RESERVES AND FUNDS:

The following is a summary of the replacement reserves and capacity funds as of March 31, 2022.

Water:		
Revenues	Replacement	Capacity
Debt Proceeds	\$ 153,344	\$ -
Interfund Transfer	-	8,572,344
FY 21/22 Operating Transfers	4,358,427	-
Capital Facility Fees	-	1,716,656
Property tax & Other	2,760,935	-
Total Revenue	7,272,706	10,289,000
Distributions		
Capital Projects	869,460	-
Interfund Transfer	153,344	-
Debt Service	-	495,266
Total Distributions	1,022,804	495,266
Beginning Balance	39,389,445	(7,871,529)
Ending Balance	45,639,347	1,922,205
Less: Operating Reserves	6,375,900	-
Replacement Reserve Balance	\$ 39,263,447	\$ 1,922,205
Replacement Reserve Floor	\$ 10,394,000	
Replacement Reserve Ceiling	\$ 40,281,800	

Wastewater:		
Revenues	Replacement	Capacity
Debt Proceeds	\$ 12,170,159	\$ 5,499,330
Interfund Transfer	-	3,751,159
FY 21/22 Operating Transfers	6,795,821	-
Capital Facility Fees	-	4,308,553
Property tax & Other	1,868,680	-
Total Revenue	20,834,660	13,559,042
Distributions		
Capital Projects	7,338,700	1,083,814
Interfund Transfer	12,170,159	-
Debt Service	-	1,677,986
Total Distributions	19,508,859	2,761,800
Beginning Balance	60,698,440	(9,842,681)
Ending Balance	62,024,241	954,561
Less: Operating Reserves	6,791,700	-
Replacement Reserve Balance	\$ 55,232,541	\$ 954,561
Replacement Reserve Floor	\$ 20,006,200	
Replacement Reserve Ceiling	\$ 63,574,100	

Gallons per Capita per Day 12-Month Rolling Average



DATE: APRIL 20, 2022
TO: BOARD OF DIRECTORS
SUBJECT: MONTHLY FINANCIAL REPORTS

BACKGROUND:

The Monthly Revenue and Expense Reports and the Reserve Report for the nine months ended March 31, 2022 are presented.

DISCUSSION:

The Monthly Revenue and Expense reports summarize revenues by service type and expenses by department over the 9-month period. Comparisons to prior year actual and current year budget amounts are also presented. Each statement contains footnotes regarding significant variances exceeding predetermined dollar and percentage amounts. Any excess of revenues over expenses are transferred to reserves and any excess of expenses above revenues are paid for out of reserves. It's important to note that amounts shown in the in the Revenue and Expense reports are unaudited and do not reflect actual transfers to/from reserves. Actual transfers will be posted upon completion of the fiscal year-end audit.

The Monthly Reserve Report presents the balances in each of the District's reserve funds. The report summarizes all sources and uses of reserves. Sources consist of operating transfers, capital facility fees, property taxes, dissolved RDA distributions, investment earnings and annexation fees. Uses are distributions for capital projects, debt service, PERS UAL Additional Discretionary Payments (ADP), and interest expense. Unaudited amounts for operating transfers are reflected in the reserve report using the most recent information available at the time of reporting. Actual transfers will be posted upon completion of the audit in December of the following fiscal year which may result in adjustments to the beginning reserve balances.

RECOMMENDATION:

For information only.

Vallecitos Water District
Water Revenue and Expense Report
For the Nine Months Ended March 31, 2022

	Current	Prior Year Actual			Current Year Budget		
	Year	Amount	Variance		Amount	Variance	
	Actual		\$	%		\$	%
Revenue							
Water Sales	\$ 24,123,066	\$ 25,640,667	\$ (1,517,601)	-5.9%	\$ 23,160,000	\$ 963,066	4.2%
Ready-to-serve	10,999,898	10,955,069	44,829	0.4%	10,731,000	268,898	2.5%
Pumping cost recovery	313,130	352,688	(39,558)	-11.2%	308,000	5,130	1.7%
Late & lock charges	198,570	246,634	(48,064)	-19.5%	292,106	(93,536)	-32.0%
Backflow fees	87,988	79,435	8,553	10.8%	67,918	20,070	29.6%
Other revenue	268,886	113,248	155,638	137.4%	84,800	184,086	217.1%
Total Revenue	35,991,538	37,387,741	(1,396,203)	-3.7%	34,643,824	1,347,714	3.9%
Expenses							
Water costs	23,466,873	22,859,571	607,302	2.7%	23,523,000	(56,127)	-0.2%
Pumping costs	470,594	573,855	(103,261)	-18.0%	686,000	(215,406)	-31.4%
Water quality	181,502	79,051	102,451	129.6%	158,000	23,502	14.9%
Water treatment	339,879	347,243	(7,364)	-2.1%	356,000	(16,121)	-4.5%
Tanks & reservoirs	258,126	208,144	49,982	24.0%	285,000	(26,874)	-9.4%
Trans & distribution	1,131,323	1,317,819	(186,496)	-14.2%	1,431,000	(299,677)	-20.9%
Services	52,183	71,055	(18,872)	-26.6%	61,000	(8,817)	-14.5%
Meters	544,643	659,151	(114,508)	-17.4%	724,000	(179,357)	-24.8%
Backflow prevention	31,844	50,533	(18,689)	-37.0%	55,000	(23,156)	-42.1%
Customer accounts	402,326	579,121	(176,795)	-30.5%	666,000	(263,674)	-39.6%
Building & grounds	435,532	295,186	140,346	47.5%	371,000	64,532	17.4%
Equipment & vehicles	168,973	185,184	(16,211)	-8.8%	254,000	(85,027)	-33.5%
Engineering	1,182,819	1,203,460	(20,641)	-1.7%	1,228,000	(45,181)	-3.7%
Safety & compliance	94,097	154,188	(60,091)	-39.0%	215,000	(120,903)	-56.2%
Information Technology	720,196	629,801	90,395	14.4%	845,000	(124,804)	-14.8%
General & administrative	2,152,201	2,041,202	110,999	5.4%	2,352,000	(199,799)	-8.5%
Total Expenses	31,633,111	31,254,564	378,547	1.2%	33,210,000	(1,576,889)	-4.7%
Net Operating Income	\$ 4,358,427	\$ 6,133,177	(1,774,750)	-28.9%	\$ 1,433,824	2,924,603	204.0%

Explanation of Significant Variances

Late & lock charges has an unfavorable budget variance due to lock charges being delayed in relation to COVID-19.

Other revenue has a favorable prior year & budget variance as a result of a rebate received from the District Wide Solar project.

Pumping costs have a favorable budget variance thus far this year due to less than anticipated outside services being performed and lower power costs.

Water quality has an unfavorable prior year variance due to a one-time expenditure related to flushing services at Lake San Marcos.

Transmission & distribution has a favorable budget variance due to fewer main breaks than the previous year resulting in decreased labor costs and outside repairs.

Meters has a favorable budget variance because of product supply shortages causing delays in the meter testing and replacement program.

Customer accounts has a favorable prior year & budget variance due to the Arrearages program.

Building & grounds has an unfavorable prior year variance due to planned increases in outside repairs and power costs.

Equipment & vehicles has a favorable budget variance due to the timing of outside services performed and auto part supply shortages.

Safety & compliance has a favorable budget variance due to lower than anticipated labor costs.

Vallecitos Water District
Sewer Revenue and Expense Report
For the Nine Months Ended March 31, 2022

4/13/2022 11:38

M:\Finance\Accounting\Common\Monthly Reports\Financial Statements\FY 2022[Revenue and expense report 21-22.xlsx]March 22 sewer

	Current Year Actual	Prior Year Actual			Current Year Budget		
		Amount	Variance		Amount	Variance	
			\$	%		\$	%
Revenue							
Sewer service charges	\$ 13,797,336	\$ 13,650,805	\$ 146,531	1.1%	\$ 13,320,000	\$ 477,336	3.6%
Reclaimed water sales	2,231,250	2,226,986	4,264	0.2%	2,232,000	(750)	0.0%
Other revenue	177,817	100,888	76,929	76.3%	245,000	(67,183)	-27.4%
Total Revenue	<u>16,206,403</u>	<u>15,978,679</u>	227,724	1.4%	<u>15,797,000</u>	409,403	2.6%
Expenses							
Collection & conveyance	1,620,309	1,729,844	(109,535)	-6.3%	1,787,000	(166,691)	-9.3%
Lift stations	188,509	204,977	(16,468)	-8.0%	176,000	12,509	7.1%
Source Control	145,411	139,155	6,256	4.5%	152,000	(6,589)	-4.3%
Effluent disposal	2,473,363	2,203,131	270,232	12.3%	2,505,000	(31,637)	-1.3%
Meadowlark	1,981,286	1,947,205	34,081	1.8%	2,298,000	(316,714)	-13.8%
Customer Accounts	338,703	337,920	783	0.2%	424,000	(85,297)	-20.1%
Building & grounds	288,737	180,435	108,302	60.0%	196,000	92,737	47.3%
Equipment & vehicles	137,702	141,710	(4,008)	-2.8%	248,000	(110,298)	-44.5%
Engineering	483,992	556,793	(72,801)	-13.1%	674,000	(190,008)	-28.2%
Safety & compliance	55,883	102,583	(46,700)	-45.5%	141,000	(85,117)	-60.4%
Information technology	568,057	534,908	33,149	6.2%	654,000	(85,943)	-13.1%
General & administrative	1,128,630	1,122,026	6,604	0.6%	1,070,000	58,630	5.5%
Total Expenses	<u>9,410,582</u>	<u>9,200,687</u>	209,895	2.3%	<u>10,325,000</u>	(914,418)	-8.9%
Net Operating Income	<u>\$ 6,795,821</u>	<u>\$ 6,777,992</u>	17,829	0.3%	<u>\$ 5,472,000</u>	1,323,821	24.2%

Explanation of Significant Variances

Other revenue has a favorable prior year variance as a result of a rebate received from the District Wide Solar project.

Customer accounts has a favorable budget variance due to the timing of purchases of materials & supplies.

Building & grounds has an unfavorable prior year variance due to planned increases in outside repairs, power costs, & an unfavorable budget variance due to unanticipated HVAC repairs.

Equipment & vehicles has a favorable budget variance due to the timing of outside services performed and auto part supply shortages.

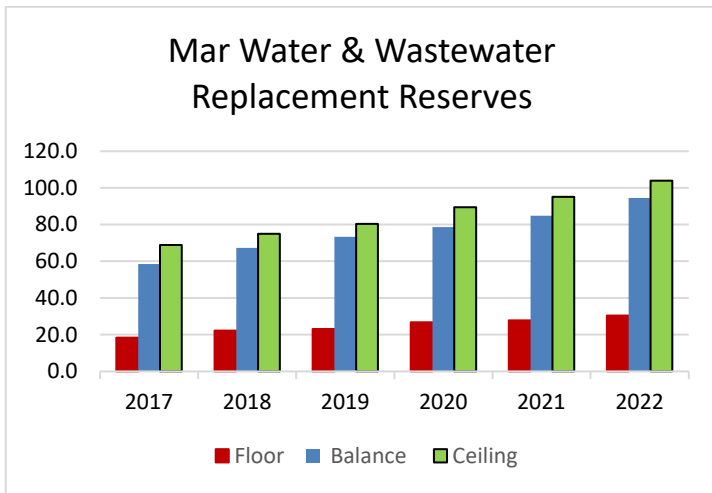
Engineering has a favorable budget variance due to less than anticipated outside services being performed thus far.

Safety & compliance has a favorable budget variance as a result of lower than anticipated labor costs.

Variances are considered significant if they exceed \$75000 and 20%.

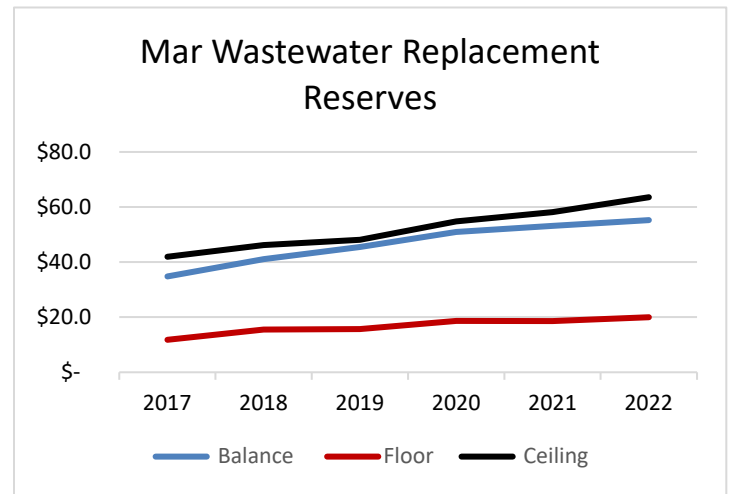
REPLACEMENT RESERVES

The District maintains two replacement reserves in cash equivalents and investments: One for the District’s water system, and the other for the District’s wastewater system. The District’s reserve policy establishes a floor of the sum of the next three years of projected system replacement costs, and a ceiling of the sum of the next ten years of system replacement costs. As of March 31, 2022, the total water and wastewater replacement reserve balance was \$94.5 million, 11.4 percent higher than March 31, 2021.



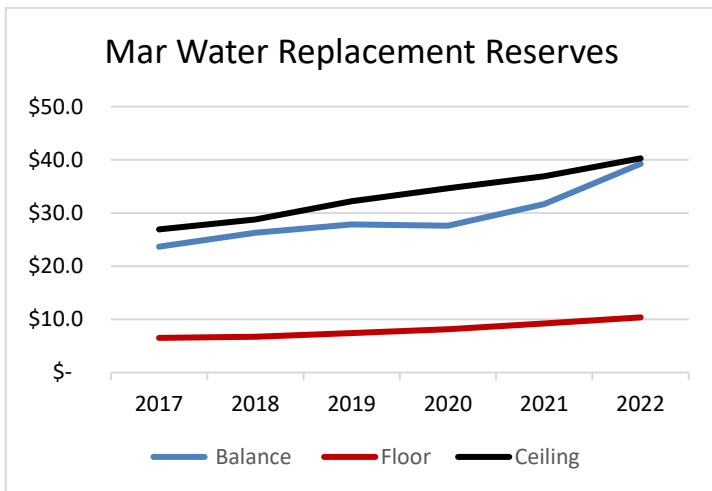
WASTEWATER REPLACEMENT RESERVE

As of March 31, 2022, the balance in the District’s wastewater replacement reserve totaled \$55.2 million, an increase of 3.9 percent, or \$2.1 million, from the same month of the prior year. The month-end balance is within the approved floor and ceiling.



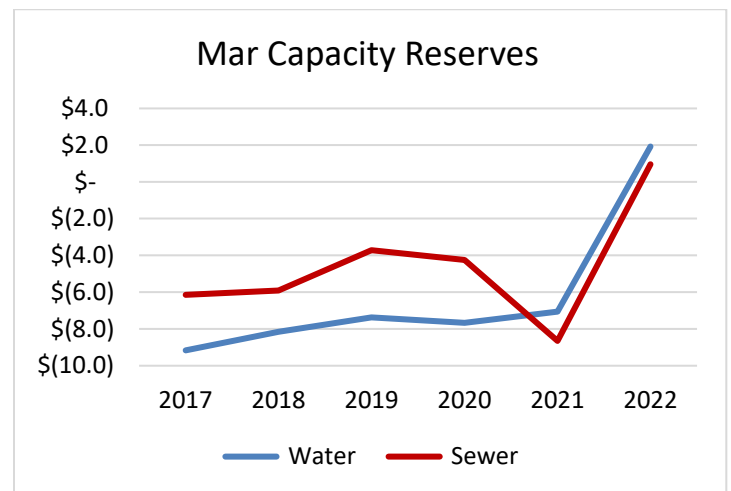
WATER REPLACEMENT RESERVE

As of March 31, 2022, the District’s water replacement reserve totaled \$39.3 million, an increase of 24.0 percent, or \$7.6 million higher from the same month of the prior year. The month-end balance is within the floor and ceiling established by the reserve policy, leaving the District with sufficient reserves to meet infrastructure replacement needs.



CAPACITY RESERVES

The District collects capital facility fees from new development and increased demands from existing customers, maintains the collected fees in separate funds (one for water and one for wastewater), and uses the funds exclusively to provide capacity to serve new development and fund future construction of facilities identified in the District’s Master Plan and capital budget. As of March 31, 2022, the water capacity fund had a balance of \$1.9 million and the sewer capacity fund had a balance of \$1.0 million. The District’s capital facility fees situation has improved as a result of the adoption of the new Master Plan and the corresponding capacity fee study.



VALLECITOS WATER DISTRICT

RESERVE ACTIVITY FOR THE NINE MONTHS ENDED MARCH 31, 2022

	110 Water		210 Wastewater		220	Total
	Replacement	Capacity	Replacement	Capacity		
BEGINNING BALANCE ⁽¹⁾	\$ 39,389,445	\$ (7,871,529)	\$ 60,698,440	\$ (9,842,681)	\$	\$ 82,373,675
REVENUES						
Debt Proceeds	153,344	-	12,170,159	5,499,330		17,822,832
Interfund Transfer	-	8,572,344	-	3,751,159		12,323,502
FY 21/22 Operating Transfers ⁽²⁾	4,358,427	-	6,795,821	-		11,154,248
Capital Facility Fees	-	1,716,657	-	4,308,553		6,025,210
Property Tax	922,237	-	736,205	-		1,658,442
RDA pass-through	617,554	-	593,336	-		1,210,890
Annexation Fees	771,308	-	178,254	-		949,562
Investment Earnings	449,836	-	360,885	-		810,721
TOTAL REVENUES	7,272,706	10,289,000	20,834,660	13,559,042		51,955,407
LESS DISTRIBUTIONS						
Capital Projects						
Encina Wastewater Authority Five Year Plan	-	-	4,150,623	-		4,150,623
San Marcos Interceptor Sewer	-	-	444,568	989,525		1,434,093
MRF - Biological Selector Improvements	-	-	668,138	-		668,138
MRF - Headworks - Upgrade/Replace Equipment	-	-	452,600	-		452,600
MRF - Conversion to Sodium Hypochlorite	-	-	204,208	-		204,208
Montiel Lift Station And Forcemain Replacement	-	-	118,912	74,247		193,159
MRF - Odor Scrubber #1 Replacement	-	-	186,190	-		186,190
District-Wide Valve Replacement Program	158,950	-	-	-		158,950
16-Inch Emergency Bypass Pipeline Rehabilitation	-	-	154,019	-		154,019
MRF - Site Lighting Upgrade and Repairs	-	-	145,610	-		145,610
Land Outfall West Condition Assessment	-	-	134,916	-		134,916
Energy Management Study	63,850	-	61,346	-		125,196
District-Wide SCADA Upgrade Project	46,667	-	44,837	-		91,504
Tres Amigos Water Line Replacement Phase 1	89,736	-	-	-		89,736
Painting of Car Wash Building	35,548	-	34,153	-		69,701
Technology Infrastructure Upgrades	35,104	-	33,727	-		68,831
MRF - Tertiary Influent Chamber Repairs	-	-	67,486	-		67,486
MRF - Replacement of Valve Actuators	-	-	66,451	-		66,451
Maintenance Services Department Offices	33,462	-	32,150	-		65,612
South Lake Pump Station Fence	56,974	-	-	-		56,974
Sage Canyon Tank Refurbishment	55,893	-	-	-		55,893
MRF - Flow Control Valve & Actuator	-	-	54,041	-		54,041
Meadowlark Failsafe Rehabilitation (Buena Reach)	-	-	53,203	-		53,203
Chlorine Contact Tank Expansion	-	-	52,098	-		52,098
Sewer Lining and Rehab	-	-	51,399	-		51,399
Wulff Pressure Reducing Station	39,981	-	-	-		39,981
Ductile Iron Pipe Condition Assessment	38,377	-	-	-		38,377
Meadowlark - Landscaping Improvements	-	-	17,137	20,042		37,179
District Wide Solar Project	17,141	-	16,469	-		33,610
GEMS AB Suite 6.1 Upgrade	15,401	-	14,797	-		30,198
Fuel Transport Trailer for Generators	14,280	-	13,720	-		28,000
Palos Vista Pump Station - Motor Starter Upgrade	25,648	-	-	-		25,648
Mahr Reservoir - Algae Monitoring	-	-	24,103	-		24,103
Fire Services - Backflow Preventer Upgrades	19,258	-	-	-		19,258
Neogov Applicant Tracking Software	7,737	-	7,433	-		15,170
Via Vera Cruz Tank I: Asphalt Repair and Sealcoat	14,140	-	-	-		14,140
District-Wide Valve Replacement Program	14,065	-	-	-		14,065
Water Operations Control Room Upgrades	12,670	-	-	-		12,670
Asset Management Replacement Schedule	6,105	-	5,866	-		11,971
Palos Vista Tank I: Asphalt Repair and Sealcoat	11,760	-	-	-		11,760
Richland Tank I: Asphalt Repair and Sealcoat	10,294	-	-	-		10,294
Richland Tank II: Asphalt Repair and Sealcoat	10,110	-	-	-		10,110
All other capital projects	33,400	-	25,705	-		59,105
Capital Budget - Vehicles/Mobile Equipmnt	2,909	-	2,795	-		5,704
Total Capital Project Expenditures	869,460	-	7,338,700	1,083,814		9,291,974
Interfund Transfer	153,344	-	12,170,159	-		12,323,502
Debt Service	-	472,133	-	1,643,427		2,115,560
Interest Expense	-	23,133	-	34,559		57,692
TOTAL DISTRIBUTIONS	1,022,804	495,266	19,508,859	2,761,800		23,788,728
ENDING BALANCE	\$ 45,639,347	\$ 1,922,205	\$ 62,024,241	\$ 954,561	\$	\$ 110,540,354
Less: Operating Reserves	6,375,900	-	6,791,700	-		13,167,600
Replacement Reserves/Restricted Funds	\$ 39,263,447	\$ 1,922,205	\$ 55,232,541	\$ 954,561	\$	\$ 97,372,754
Replacement reserve floor	\$ 10,394,000		\$ 20,006,200			
Replacement reserve ceiling	\$ 40,281,800		\$ 63,574,100			

Notes:

(1) Beginning balances represent ending balances from the prior year which are adjusted to actual cash and investment balances after completion of the audit around November of the current year

(2) Operating transfers from the unaudited revenue and expense reports are calculated using the most recent information available at the time of this report. Included for reporting purposes, actual transfer amounts will differ

VALLECITOS WATER DISTRICT
INVESTMENT REPORT FOR MARCH 2022

Attached is a detailed list of investments for all District funds that are not needed to meet current obligations. In accordance with Government Code Section 53646, the information is presented to the Board on a monthly basis and includes a breakdown by fund, financial institution, settlement and maturity date, yield, and investment amount. In addition, the report indicates the various percentages of investments in each type of institution.

The process and the presentation of the information to the Board are in compliance with requirements outlined in the District Investment Policy adopted on an annual basis. In addition to the investment portfolio, there are sufficient funds in the Operating Account to meet District obligations for the next 30 days. Maturity dates on investments are structured to meet the future financial obligations of the District (i.e., bond payments and construction projections). In that regard, the District will be able to meet expenditure requirements for the next six months without a need to liquidate an investment earlier than scheduled maturity dates.

Investment activity for the month of March follows:

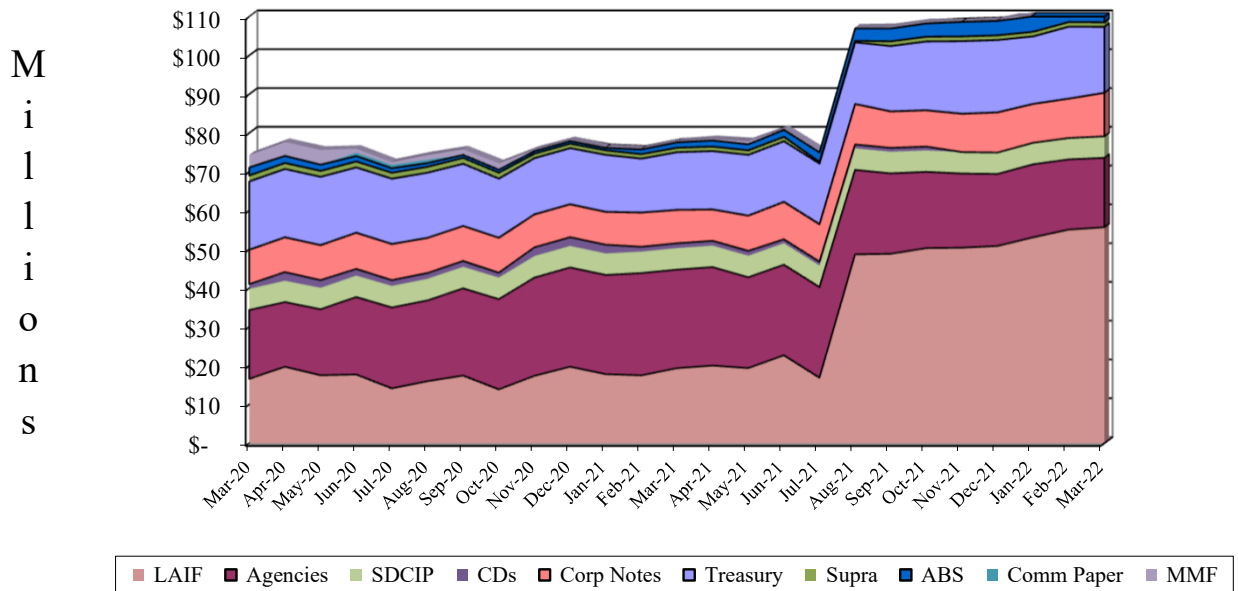
<u>Date</u>	<u>Activity</u>	<u>Investment</u>	<u>Amount</u>	<u>Maturity</u>	<u>Yield</u>
03/01/22	Matured	FFCB	(750,000)	03/01/22	2.55%
03/03/22	Deposit	LAIF	550,000	Open	0.44%
03/04/22	Purchased	FFCB	749,865	02/25/25	1.75%
03/07/22	Purchased	John Deere Capital Corp	214,908	03/07/25	2.13%
03/10/22	Sold	Treasury Note	(1,003,594)	04/30/23	1.63%
03/11/22	Withdrawal	LAIF	(2,000,000)	Open	0.44%
03/11/22	Purchased	Honeywell Intl.	485,140	06/01/25	1.35%
03/15/22	Sold	John Deere Corp Note	(14,434)	08/15/24	1.10%
03/16/22	Deposit	LAIF	1,200,000	Open	0.44%
03/16/22	Sold	Treasury Note	(753,721)	08/31/22	1.88%
03/16/22	Purchased	John Deere Owner Trust	214,952	09/15/26	2.32%
03/16/22	Purchased	Treasury Note	486,348	12/15/24	1.00%
03/17/22	Purchased	Target Corp Note	495,935	04/15/25	2.25%
03/24/22	Deposit	LAIF	200,000	Open	0.44%
03/28/22	Deposit	LAIF	650,000	Open	0.44%
Change in investments during the month			<u>\$ 725,399</u>		

	<u>Current</u>
Weighted average annual yield for total Vallecitos investments	0.740%
Weighted average days to maturity	292

The State Treasurer's Office provides fair market values of LAIF quarterly on their web site. The most recent valuation, which is used on this report, is as of March 31, 2022. The San Diego County Treasurer provides the fair values for the County investment pool. The most recent values and returns, which are used for this report, are for February 28, 2022. Fair values for federal agency obligations and corporate notes are provided by Union Bank trust account reporting.

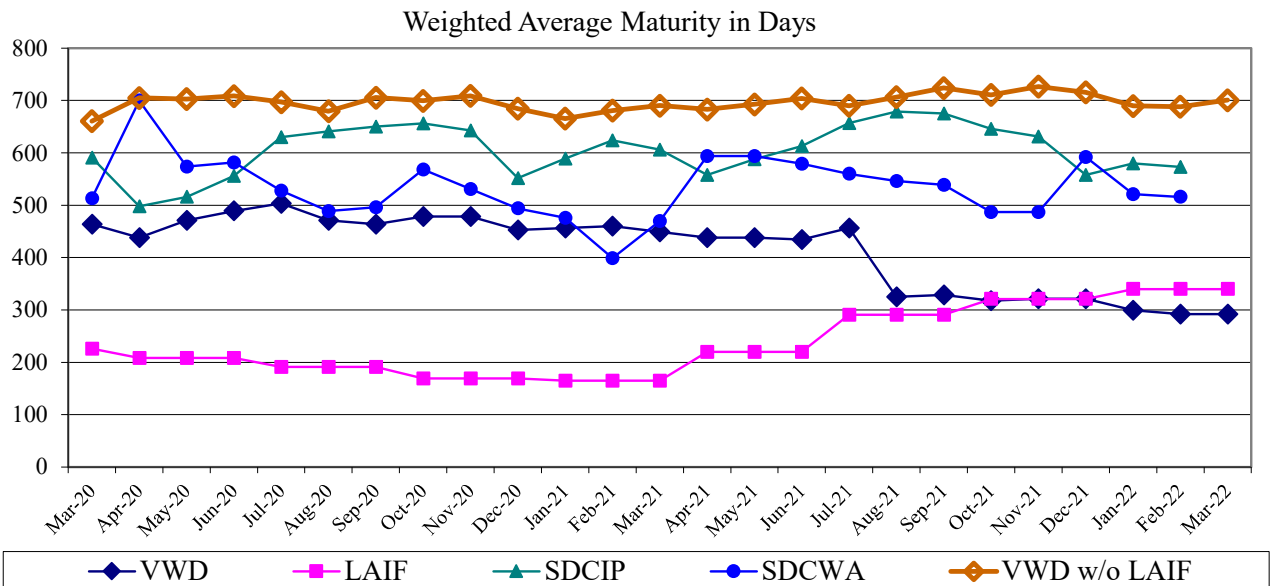
Safety

Criteria for selecting investments and the absolute order of priority are safety, liquidity and yield. To meet the objective of safety and avert credit risk, the District acquires only those investments permitted by the Board adopted investment policy and within the limits established by the policy. Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligation. The District also limits risk by investing in a range of investments to ensure diversification as indicated in the graph below.



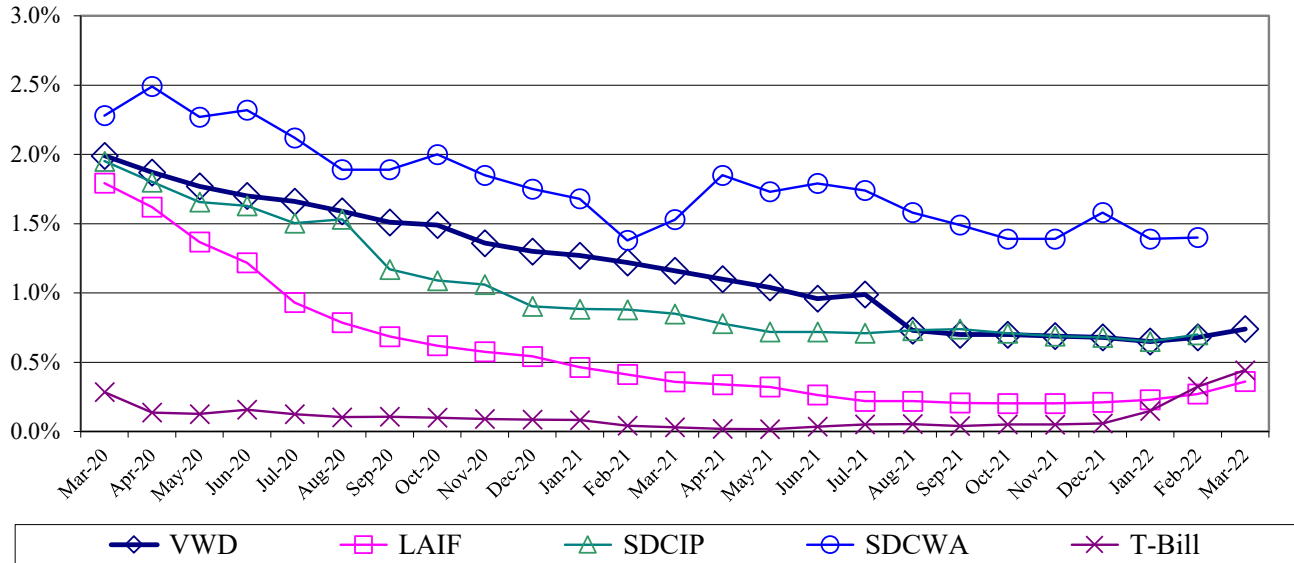
Liquidity

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. The District averts interest rate risk by limiting terms of investments in accordance with the Investment Policy. Maturity in days is a measure of liquidity. The next graph compares the District’s liquidity to other managed portfolios. The District’s liquidity is graphed with and without LAIF. With LAIF the District is in fact very liquid with \$55.7 million available the same day. But for comparative purposes LAIF is eliminated from the District’s portfolio and shown separately.



Yield

The next graph compares the District’s effective yield to LAIF, SDCIP, San Diego County Water Authority (SDCWA), and the average 91-day Treasury bill rate.



Investment/Debt Management

On March 7, 2018 the District entered into a contract with Chandler Asset Management to provide professional investment management and advisory services. Chandler manages the District’s investments in accordance with the District’s policy of safety, liquidity, and yield and continues to maintain investments of varying types within limits allowed by the investment policy (100% in federal agency obligations, 100% in LAIF, 100% in other local government investment pools, 25% in FDIC-backed corporate notes, 25% in commercial paper, 20% in certificates of deposit). Chandler’s portfolio summary is attached.



PORTFOLIO CHARACTERISTICS

Average Modified Duration	0.80
Average Coupon	0.80%
Average Purchase YTM	0.74%
Average Market YTM	1.21%
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	0.89 yrs
Average Life	0.82 yrs

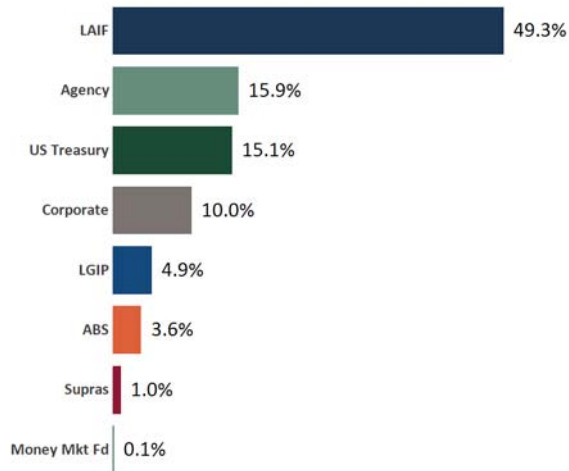
ACCOUNT SUMMARY

	Beg. Values as of 2/28/22	End Values as of 3/31/22
Market Value	112,728,533	112,755,698
Accrued Interest	180,949	186,823
Total Market Value	112,909,482	112,942,521
Income Earned	57,760	64,613
Cont/WD		
Par	113,189,612	113,922,357
Book Value	113,312,768	114,009,978
Cost Value	113,438,728	114,167,210

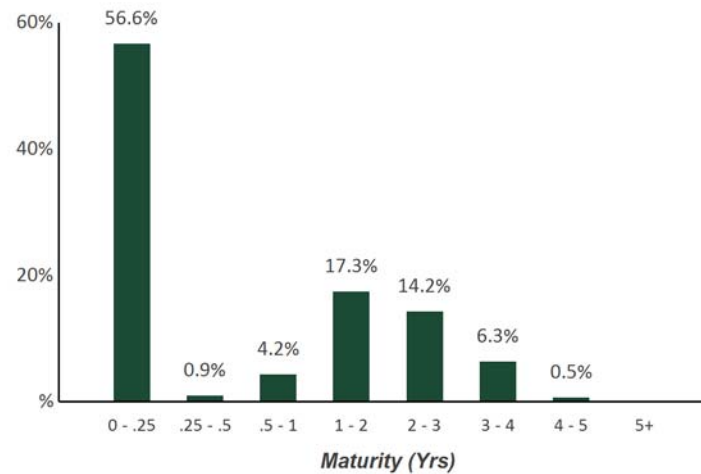
TOP ISSUERS

Local Agency Investment Fund	49.3%
Government of United States	15.1%
County of San Diego Pooled Inve	4.9%
Federal Home Loan Mortgage Corp	4.6%
Federal Farm Credit Bank	4.1%
Federal National Mortgage Assoc	3.9%
Federal Home Loan Bank	3.3%
JP Morgan Chase & Co	0.8%
Total	86.0%

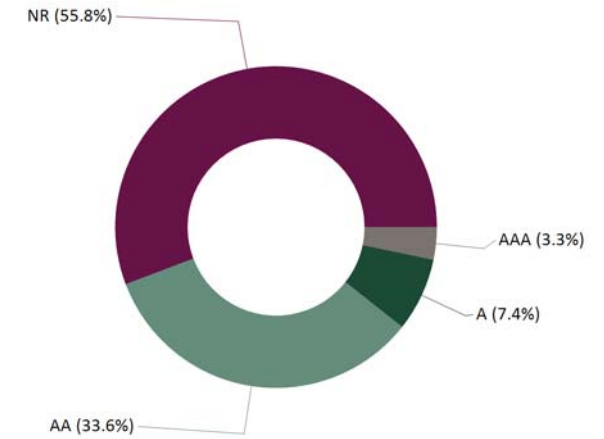
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)





CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
ABS									
47789KAC7	John Deere Owner Trust 2020-A A3 1.1% Due 8/15/2024	186,007.65	03/04/2020 1.11%	185,996.28 186,001.56	99.68 1.69%	185,418.19 90.94	0.16% (583.37)	Aaa / NR AAA	2.38 0.53
36262XAC8	GM Financial Auto Lease Trust 2021-3 A2 0.39% Due 10/21/2024	360,000.00	08/10/2021 0.39%	359,995.10 359,996.35	97.13 2.54%	349,660.44 42.90	0.31% (10,335.91)	NR / AAA AAA	2.56 1.35
58769KAD6	Mercedes-Benz Auto Lease Trust 2021- B A3 0.4% Due 11/15/2024	255,000.00	06/22/2021 0.40%	254,980.75 254,986.46	97.45 2.42%	248,507.45 45.33	0.22% (6,479.01)	NR / AAA AAA	2.63 1.27
09690AAC7	BMW Vehicle Lease Trust 2021-2 A3 0.33% Due 12/26/2024	160,000.00	09/08/2021 0.34%	159,983.49 159,987.42	97.49 2.43%	155,979.84 8.80	0.14% (4,007.58)	Aaa / NR AAA	2.74 1.20
89236XAC0	Toyota Auto Receivables 2020-D A3 0.35% Due 1/15/2025	220,000.00	10/06/2020 0.36%	219,959.01 219,973.11	98.85 2.14%	217,467.36 34.22	0.19% (2,505.75)	NR / AAA AAA	2.80 0.64
05601XAC3	BMW Vehicle Lease Trust 2022-1 A3 1.1% Due 3/25/2025	170,000.00	01/11/2022 1.11%	169,974.59 169,976.89	97.51 2.72%	165,771.93 31.17	0.15% (4,204.96)	NR / AAA AAA	2.99 1.55
43813GAC5	Honda Auto Receivables Trust 2021-1 A3 0.27% Due 4/21/2025	130,000.00	02/17/2021 0.27%	129,997.62 129,998.47	97.92 2.54%	127,291.45 9.75	0.11% (2,707.02)	Aaa / NR AAA	3.06 0.92
89240BAC2	Toyota Auto Receivables Owners 2021- A A3 0.26% Due 5/15/2025	475,000.00	02/02/2021 0.27%	474,911.84 474,944.34	98.10 2.26%	465,988.78 54.89	0.41% (8,955.56)	Aaa / NR AAA	3.13 0.95
47788UAC6	John Deere Owner Trust 2021-A A3 0.36% Due 9/15/2025	185,000.00	03/02/2021 0.37%	184,964.44 184,974.91	96.85 2.79%	179,170.84 29.60	0.16% (5,804.07)	Aaa / NR AAA	3.46 1.30
44933LAC7	Hyundai Auto Receivables Trust 2021-A A3 0.38% Due 9/15/2025	225,000.00	04/20/2021 0.38%	224,976.33 224,983.52	97.50 2.34%	219,374.78 38.00	0.19% (5,608.74)	NR / AAA AAA	3.46 1.29
43815EAC8	Honda Auto Receivables 2021-3 A3 0.41% Due 11/18/2025	340,000.00	08/17/2021 0.41%	339,995.04 339,995.96	96.40 2.69%	327,763.74 50.34	0.29% (12,232.22)	NR / AAA AAA	3.64 1.60
44934KAC8	Hyundai Auto Receivables Trust 2021-B A3 0.38% Due 1/15/2026	465,000.00	07/20/2021 0.39%	464,897.37 464,919.51	96.72 2.54%	449,727.08 78.53	0.40% (15,192.43)	NR / AAA AAA	3.80 1.53
43815GAC3	Honda Auto Receivables Trust 2021-4 A3 0.88% Due 1/21/2026	175,000.00	11/16/2021 0.89%	174,963.11 174,967.09	96.82 2.58%	169,440.25 42.78	0.15% (5,526.84)	Aaa / NR AAA	3.81 1.89



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
ABS									
47789QAC4	John Deere Owner Trust 2021-B A3 0.52% Due 3/16/2026	220,000.00	07/13/2021 0.52%	219,980.38 219,984.12	95.82 2.82%	210,803.56 50.84	0.19% (9,180.56)	Aaa / NR AAA	3.96 1.85
89238JAC9	Toyota Auto Receivables Trust 2021-D A3 0.71% Due 4/15/2026	160,000.00	11/09/2021 0.71%	159,996.59 159,996.98	96.22 2.82%	153,958.40 50.49	0.14% (6,038.58)	NR / AAA AAA	4.04 1.81
362554AC1	GM Financial Securitized Term 2021-4 A3 0.68% Due 9/16/2026	130,000.00	10/13/2021 0.68%	129,996.69 129,997.12	96.60 2.67%	125,576.23 36.83	0.11% (4,420.89)	Aaa / AAA NR	4.47 1.73
47787JAC2	John Deere Owner Trust 2022-A A3 2.32% Due 9/16/2026	215,000.00	03/10/2022 2.34%	214,952.44 214,953.03	98.70 2.91%	212,211.88 207.83	0.19% (2,741.15)	Aaa / NR AAA	4.47 2.22
380146AC4	GM Financial Auto Receivables 2022-1 A3 1.26% Due 11/16/2026	115,000.00	01/11/2022 1.27%	114,990.01 114,990.60	96.81 3.09%	111,332.76 60.38	0.10% (3,657.84)	NR / AAA AAA	4.63 1.76
Total ABS		4,186,007.65	0.60%	4,185,511.08 4,185,627.44	2.52%	4,075,444.96 963.62	3.61% (110,182.48)	Aaa / AAA AAA	3.38 1.38
AGENCY									
3135G0V59	FNMA Note 2.25% Due 4/12/2022	1,000,000.00	03/24/2020 0.59%	1,033,760.00 1,000,496.47	100.06 0.22%	1,000,621.00 10,562.50	0.90% 124.53	Aaa / AA+ AAA	0.03 0.03
3130AFE78	FHLB Note 3% Due 12/9/2022	1,000,000.00	01/25/2019 2.71%	1,010,700.00 1,001,910.99	101.12 1.36%	1,011,203.00 9,333.33	0.90% 9,292.01	Aaa / AA+ AAA	0.69 0.68
3137EAER6	FHLMC Note 0.375% Due 5/5/2023	985,000.00	05/05/2020 0.39%	984,586.30 984,848.98	98.41 1.85%	969,343.43 1,498.02	0.86% (15,505.55)	Aaa / AA+ AAA	1.10 1.08
3135G04Q3	FNMA Note 0.25% Due 5/22/2023	1,055,000.00	05/20/2020 0.35%	1,051,824.45 1,053,793.58	98.15 1.89%	1,035,513.10 945.10	0.92% (18,280.48)	Aaa / AA+ AAA	1.14 1.13
3135G05G4	FNMA Note 0.25% Due 7/10/2023	875,000.00	07/08/2020 0.32%	873,118.75 874,201.11	97.85 1.97%	856,156.00 492.19	0.76% (18,045.11)	Aaa / AA+ AAA	1.28 1.26
3133EKZK5	FFCB Note 1.6% Due 8/14/2023	1,000,000.00	08/28/2019 1.48%	1,004,700.00 1,001,625.17	99.52 1.96%	995,189.00 2,088.89	0.88% (6,436.17)	Aaa / AA+ AAA	1.37 1.34
3137EAEV7	FHLMC Note 0.25% Due 8/24/2023	1,000,000.00	09/24/2020 0.24%	1,000,230.00 1,000,110.35	97.49 2.08%	974,907.00 256.94	0.86% (25,203.35)	Aaa / AA+ AAA	1.40 1.38
3130A3DL5	FHLB Note 2.375% Due 9/8/2023	700,000.00	10/09/2019 1.44%	724,864.00 709,134.78	100.41 2.08%	702,866.50 1,062.15	0.62% (6,268.28)	Aaa / AA+ NR	1.44 1.40

Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of March 31, 2022



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
AGENCY									
3137EAEW5	FHLMC Note 0.25% Due 9/8/2023	660,000.00	09/02/2020 0.26%	659,782.20 659,895.96	97.48 2.04%	643,399.68 105.42	0.57% (16,496.28)	Aaa / AA+ AAA	1.44 1.42
3133EMBS0	FFCB Note 0.2% Due 10/2/2023	1,000,000.00	11/12/2020 0.28%	997,720.00 998,811.28	97.35 2.00%	973,507.00 994.44	0.86% (25,304.28)	Aaa / AA+ AAA	1.51 1.48
3137EAEY1	FHLMC Note 0.125% Due 10/16/2023	825,000.00	10/14/2020 0.25%	821,922.75 823,417.82	96.99 2.12%	800,172.45 472.66	0.71% (23,245.37)	Aaa / AA+ AAA	1.55 1.52
3137EAEZ8	FHLMC Note 0.25% Due 11/6/2023	1,075,000.00	11/03/2020 0.28%	1,074,032.50 1,074,484.47	97.04 2.14%	1,043,189.68 1,082.47	0.92% (31,294.79)	Aaa / AA+ AAA	1.60 1.58
3137EAF2	FHLMC Note 0.25% Due 12/4/2023	770,000.00	12/02/2020 0.28%	769,237.70 769,573.95	96.85 2.17%	745,757.32 625.63	0.66% (23,816.63)	Aaa / AA+ AAA	1.68 1.65
3130A3VC5	FHLB Note 2.25% Due 12/8/2023	1,000,000.00	02/13/2020 1.46%	1,029,240.00 1,012,930.25	100.04 2.22%	1,000,413.00 7,062.50	0.89% (12,517.25)	Aaa / AA+ NR	1.69 1.63
3135G0V34	FNMA Note 2.5% Due 2/5/2024	1,000,000.00	01/30/2020 1.44%	1,041,280.00 1,019,006.82	100.50 2.22%	1,005,022.00 3,888.89	0.89% (13,984.82)	Aaa / AA+ AAA	1.85 1.79
3133EKMX1	FFCB Note 2.23% Due 2/23/2024	750,000.00	07/30/2019 1.91%	760,425.00 754,331.25	100.20 2.12%	751,473.75 1,765.42	0.67% (2,857.50)	Aaa / AA+ AAA	1.90 1.84
3133EMRZ7	FFCB Note 0.25% Due 2/26/2024	850,000.00	02/22/2021 0.26%	849,694.00 849,805.50	96.53 2.12%	820,484.60 206.60	0.73% (29,320.90)	Aaa / AA+ AAA	1.91 1.88
3130A7PH2	FHLB Note 1.875% Due 3/8/2024	1,000,000.00	03/03/2020 0.85%	1,040,350.00 1,019,472.66	99.22 2.29%	992,228.00 1,197.92	0.88% (27,244.66)	Aaa / AA+ NR	1.94 1.89
3133ENKS8	FFCB Note 1.125% Due 1/6/2025	395,000.00	01/06/2022 1.20%	394,111.25 394,176.42	96.49 2.44%	381,150.91 987.50	0.34% (13,025.51)	Aaa / AA+ AAA	2.77 2.69
3133ENPY0	FFCB Note 1.75% Due 2/25/2025	750,000.00	03/03/2022 1.76%	749,865.00 749,868.47	98.02 2.46%	735,135.00 1,312.50	0.65% (14,733.47)	Aaa / AA+ AAA	2.91 2.80
3135G05X7	FNMA Note 0.375% Due 8/25/2025	500,000.00	12/20/2021 1.06%	487,610.00 488,541.79	93.18 2.48%	465,922.00 187.50	0.41% (22,619.79)	Aaa / AA+ AAA	3.41 3.34
Total Agency		18,190,000.00	0.88%	18,359,053.90 18,240,438.07	1.97%	17,903,654.42 46,128.57	15.89% (336,783.65)	Aaa / AA+ AAA	1.54 1.51
CORPORATE									
037833CQ1	Apple Inc Callable Note Cont 4/11/2022 2.3% Due 5/11/2022	500,000.00	10/30/2018 3.30%	483,395.00 499,483.92	100.06 0.19%	500,290.00 4,472.22	0.45% 806.08	Aaa / AA+ NR	0.11 0.03



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
CORPORATE									
084664BT7	Berkshire Hathaway Note 3% Due 5/15/2022	500,000.00	12/11/2018 3.31%	495,015.00 499,824.39	100.24 1.06%	501,177.00 5,666.67	0.45% 1,352.61	Aa2 / AA A+	0.12 0.12
09247XAJ0	Blackrock Inc Note 3.375% Due 6/1/2022	500,000.00	11/28/2018 3.36%	500,215.00 500,010.25	100.34 1.34%	501,679.00 5,625.00	0.45% 1,668.75	Aa3 / AA- NR	0.17 0.17
06051GEU9	Bank of America Corp Note 3.3% Due 1/11/2023	400,000.00	09/05/2019 2.13%	414,984.00 403,500.36	101.11 1.85%	404,451.60 2,933.33	0.36% 951.24	A2 / A- AA-	0.78 0.76
90331HNL3	US Bank NA Callable Note Cont 12/23/2022 2.85% Due 1/23/2023	480,000.00	07/22/2019 2.24%	489,580.80 482,042.06	100.70 1.87%	483,373.44 2,584.00	0.43% 1,331.38	A1 / AA- AA-	0.82 0.72
69353RFL7	PNC Bank Callable Note Cont 5/9/2023 3.5% Due 6/8/2023	500,000.00	06/11/2019 2.44%	519,580.00 505,533.48	101.32 2.28%	506,595.50 5,493.06	0.45% 1,062.02	A2 / A A+	1.19 1.07
69371RQ82	Paccar Financial Corp Note 0.8% Due 6/8/2023	300,000.00	06/01/2020 0.85%	299,583.00 299,835.10	98.41 2.16%	295,240.20 753.33	0.26% (4,594.90)	A1 / A+ NR	1.19 1.17
931142EK5	Wal-Mart Stores Callable Note Cont 5/26/2023 3.4% Due 6/26/2023	500,000.00	05/21/2019 2.65%	514,115.00 504,049.39	101.75 1.86%	508,738.00 4,486.11	0.45% 4,688.61	Aa2 / AA AA	1.24 1.12
808513BN4	Charles Schwab Corp Callable Note Cont 2/18/2024 0.75% Due 3/18/2024	600,000.00	Various 0.70%	600,858.00 600,554.89	96.75 2.46%	580,474.20 162.50	0.51% (20,080.69)	A2 / A A	1.97 1.93
023135BW5	Amazon.com Inc Note 0.45% Due 5/12/2024	420,000.00	05/10/2021 0.50%	419,386.80 419,568.07	96.43 2.19%	404,998.02 729.75	0.36% (14,570.05)	A1 / AA AA-	2.12 2.08
91324PEB4	United Health Group Inc Callable Note Cont 5/15/2022 0.55% Due 5/15/2024	230,000.00	11/08/2021 0.78%	228,679.80 228,884.24	95.87 2.56%	220,502.84 477.89	0.20% (8,381.40)	A3 / A+ A	2.13 2.08
14913R2L0	Caterpillar Financial Service Note 0.45% Due 5/17/2024	665,000.00	05/10/2021 0.50%	664,108.90 664,368.26	95.73 2.52%	636,599.18 1,113.88	0.56% (27,769.08)	A2 / A A	2.13 2.09
24422EVQ9	John Deere Capital Corp Note 0.45% Due 6/7/2024	395,000.00	06/07/2021 0.49%	394,506.25 394,639.51	95.37 2.65%	376,700.44 562.88	0.33% (17,939.07)	A2 / A A	2.19 2.14
89114QCA4	Toronto Dominion Bank Note 2.65% Due 6/12/2024	500,000.00	08/25/2021 0.61%	528,130.00 522,145.48	99.95 2.67%	499,749.50 4,011.81	0.45% (22,395.98)	A1 / A AA-	2.20 2.10
89236TJH9	Toyota Motor Credit Corp Note 0.5% Due 6/18/2024	400,000.00	06/15/2021 0.54%	399,524.00 399,648.65	95.54 2.59%	382,142.40 572.22	0.34% (17,506.25)	A1 / A+ A+	2.22 2.17
06367TQW3	Bank of Montreal Note 0.625% Due 7/9/2024	500,000.00	12/15/2021 1.21%	492,645.00 493,470.96	95.11 2.86%	475,536.50 711.81	0.42% (17,934.46)	A2 / A- AA-	2.28 2.22

Vallecitos Water District Consolidated Account

Account #10594

Holdings Report

As of March 31, 2022



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
CORPORATE									
79466LAG9	Salesforce.com Inc Callable Note Cont 7/15/2022 0.625% Due 7/15/2024	105,000.00	06/29/2021 0.64%	104,946.45 104,959.26	95.83 2.51%	100,617.72 138.54	0.09% (4,341.54)	A2 / A+ NR	2.29 2.24
69371RR40	Paccar Financial Corp Note 0.5% Due 8/9/2024	255,000.00	08/03/2021 0.52%	254,862.30 254,891.83	95.54 2.46%	243,636.44 184.17	0.22% (11,255.39)	A1 / A+ NR	2.36 2.31
78015K7C2	Royal Bank of Canada Note 2.25% Due 11/1/2024	500,000.00	05/19/2021 0.74%	525,645.00 519,233.75	98.67 2.78%	493,374.50 4,687.50	0.44% (25,859.25)	A1 / A AA-	2.59 2.47
89236TJT3	Toyota Motor Credit Corp Note 1.45% Due 1/13/2025	275,000.00	01/10/2022 1.50%	274,631.50 274,657.73	96.45 2.78%	265,241.08 863.96	0.24% (9,416.65)	A1 / A+ A+	2.79 2.69
46647PBY1	JP Morgan Chase & Co Callable Note Cont 2/16/2024 0.563% Due 2/16/2025	365,000.00	02/09/2021 0.56%	365,000.00 365,000.00	95.63 2.18%	349,066.66 256.87	0.31% (15,933.34)	A2 / A- AA-	2.88 2.82
57636QAN4	MasterCard Inc Callable Note 1x 02/03/2025 2% Due 3/3/2025	600,000.00	10/28/2021 1.04%	618,294.00 615,972.66	98.53 2.53%	591,169.80 933.33	0.52% (24,802.86)	A1 / A+ NR	2.93 2.81
24422EWB1	John Deere Capital Corp Note 2.125% Due 3/7/2025	215,000.00	03/02/2022 2.14%	214,907.55 214,909.66	98.46 2.67%	211,689.43 304.58	0.19% (3,220.23)	A2 / A NR	2.94 2.82
87612EBL9	Target Corp Callable Note Cont 4/15/25 2.25% Due 4/15/2025	500,000.00	03/15/2022 2.53%	495,935.00 495,989.20	98.61 2.73%	493,039.00 5,187.50	0.44% (2,950.20)	A2 / A A	3.04 2.88
46647PCH7	JP Morgan Chase & Co Callable Note Cont 6/1/2024 0.824% Due 6/1/2025	555,000.00	05/24/2021 0.78%	555,720.85 555,520.91	95.43 2.33%	529,658.15 1,524.40	0.47% (25,862.76)	A2 / A- AA-	3.17 3.09
438516CB0	Honeywell Intl Callable Note Cont 5/1/2025 1.35% Due 6/1/2025	500,000.00	03/09/2022 2.31%	485,140.00 485,404.91	96.40 2.54%	482,003.00 2,250.00	0.43% (3,401.91)	A2 / A A	3.17 3.06
857477BR3	State Street Bank Callable Note Cont 2/6/2025 1.746% Due 2/6/2026	175,000.00	02/02/2022 1.75%	175,000.00 175,000.00	96.44 2.80%	168,762.65 458.33	0.15% (6,237.35)	A1 / A AA-	3.86 3.67
Total Corporate		11,435,000.00	1.54%	11,514,389.20 11,479,098.92	2.22%	11,206,506.25 57,145.64	9.97% (272,592.67)	A1 / A+ A+	1.94 1.86



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
LAIF									
90LAIF\$00	Local Agency Investment Fund State Pool	55,695,704.42	Various 0.42%	55,695,704.42 55,695,704.42	1.00 0.42%	55,695,704.42 38,311.34	49.35% 0.00	NR / NR NR	0.00 0.00
Total LAIF		55,695,704.42	0.42%	55,695,704.42	0.42%	55,695,704.42 38,311.34	49.35% 0.00	NR / NR NR	0.00 0.00
LOCAL GOV INVESTMENT POOL									
90SDCP\$00	County of San Diego Pooled Investment Pool	5,546,000.00	Various 0.70%	5,546,000.00 5,546,000.00	1.00 0.70%	5,546,000.00 0.00	4.91% 0.00	NR / NR AAA	0.00 0.00
Total Local Gov Investment Pool		5,546,000.00	0.70%	5,546,000.00	0.70%	5,546,000.00 0.00	4.91% 0.00	NR / NR AAA	0.00 0.00
MONEY MARKET FUND									
261908206	Dreyfus Treasury Money Market Fund	144,645.27	Various 0.01%	144,645.27 144,645.27	1.00 0.01%	144,645.27 0.00	0.13% 0.00	Aaa / AAA NR	0.00 0.00
Total Money Market Fund		144,645.27	0.01%	144,645.27	0.01%	144,645.27 0.00	0.13% 0.00	Aaa / AAA NR	0.00 0.00
SUPRANATIONAL									
459058JM6	Intl. Bank Recon & Development Note 0.25% Due 11/24/2023	395,000.00	11/17/2020 0.32%	394,150.75 394,533.11	96.82 2.22%	382,458.36 348.37	0.34% (12,074.75)	Aaa / AAA AAA	1.65 1.63
4581X0DZ8	Inter-American Dev Bank Note 0.5% Due 9/23/2024	830,000.00	09/15/2021 0.52%	829,385.80 829,492.28	95.31 2.46%	791,048.10 92.22	0.70% (38,444.18)	Aaa / AAA NR	2.48 2.43
Total Supranational		1,225,000.00	0.46%	1,223,536.55 1,224,025.39	2.39%	1,173,506.46 440.59	1.04% (50,518.93)	Aaa / AAA AAA	2.21 2.17
US TREASURY									
9128282P4	US Treasury Note 1.875% Due 7/31/2022	1,000,000.00	12/28/2018 2.53%	977,617.19 997,929.42	100.36 0.79%	1,003,633.00 3,107.73	0.89% 5,703.58	Aaa / AA+ AAA	0.33 0.34



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US TREASURY									
9128282W9	US Treasury Note 1.875% Due 9/30/2022	1,000,000.00	03/19/2019 2.43%	981,406.25 997,376.70	100.41 1.04%	1,004,141.00 51.23	0.89% 6,764.30	Aaa / AA+ AAA	0.50 0.50
912828M80	US Treasury Note 2% Due 11/30/2022	800,000.00	12/24/2019 1.70%	806,875.00 801,561.33	100.45 1.31%	803,624.80 5,362.64	0.72% 2,063.47	Aaa / AA+ AAA	0.67 0.66
9128284D9	US Treasury Note 2.5% Due 3/31/2023	1,000,000.00	02/21/2019 2.51%	999,414.06 999,857.62	100.76 1.73%	1,007,578.00 68.31	0.89% 7,720.38	Aaa / AA+ AAA	1.00 0.99
912828T91	US Treasury Note 1.625% Due 10/31/2023	1,000,000.00	09/25/2019 1.60%	1,000,898.44 1,000,347.12	99.21 2.13%	992,109.00 6,823.20	0.88% (8,238.12)	Aaa / AA+ AAA	1.59 1.54
91282CBE0	US Treasury Note 0.125% Due 1/15/2024	1,000,000.00	01/12/2021 0.24%	996,445.31 997,876.92	96.28 2.26%	962,773.00 262.43	0.85% (35,103.92)	Aaa / AA+ AAA	1.79 1.77
912828V80	US Treasury Note 2.25% Due 1/31/2024	1,000,000.00	12/16/2019 1.71%	1,021,210.94 1,009,436.47	99.96 2.27%	999,570.00 3,729.28	0.89% (9,866.47)	Aaa / AA+ AAA	1.84 1.78
912828X70	US Treasury Note 2% Due 4/30/2024	1,000,000.00	03/03/2020 0.71%	1,052,539.06 1,026,304.14	99.31 2.34%	993,086.00 8,397.79	0.89% (33,218.14)	Aaa / AA+ AAA	2.08 2.01
91282CCC3	US Treasury Note 0.25% Due 5/15/2024	1,000,000.00	05/12/2021 0.36%	996,875.00 997,786.22	95.65 2.36%	956,523.00 946.13	0.85% (41,263.22)	Aaa / AA+ AAA	2.13 2.09
91282CCG4	US Treasury Note 0.25% Due 6/15/2024	1,000,000.00	06/10/2021 0.33%	997,695.31 998,305.13	95.44 2.38%	954,414.00 734.89	0.85% (43,891.13)	Aaa / AA+ AAA	2.21 2.18
91282CCX7	US Treasury Note 0.375% Due 9/15/2024	1,000,000.00	09/10/2021 0.44%	997,929.69 998,303.71	95.09 2.45%	950,898.00 173.23	0.84% (47,405.71)	Aaa / AA+ AAA	2.46 2.42
912828YM6	US Treasury Note 1.5% Due 10/31/2024	1,000,000.00	08/06/2021 0.45%	1,033,554.69 1,026,866.52	97.64 2.45%	976,406.00 6,298.34	0.87% (50,460.52)	Aaa / AA+ AAA	2.59 2.50
91282CDH1	US Treasury Note 0.75% Due 11/15/2024	1,000,000.00	11/29/2021 0.81%	998,164.06 998,371.26	95.66 2.47%	956,641.00 2,838.40	0.85% (41,730.26)	Aaa / AA+ AAA	2.63 2.56
91282CDN8	US Treasury Note 1% Due 12/15/2024	500,000.00	03/15/2022 2.03%	486,347.66 486,565.01	96.20 2.46%	480,976.50 1,469.78	0.43% (5,588.51)	Aaa / AA+ AAA	2.71 2.64
912828ZC7	US Treasury Note 1.125% Due 2/28/2025	1,250,000.00	02/09/2022 1.59%	1,232,666.02 1,233,444.03	96.22 2.48%	1,202,735.00 1,222.83	1.07% (30,709.03)	Aaa / AA+ AAA	2.92 2.84
912828ZF0	US Treasury Note 0.5% Due 3/31/2025	1,000,000.00	03/03/2021 0.54%	998,515.63 998,907.67	94.30 2.48%	943,047.00 13.66	0.83% (55,860.67)	Aaa / AA+ AAA	3.00 2.94
912828ZL7	US Treasury Note 0.375% Due 4/30/2025	950,000.00	04/12/2021 0.66%	939,238.28 941,808.57	93.73 2.50%	890,439.75 1,495.86	0.79% (51,368.82)	Aaa / AA+ AAA	3.08 3.02

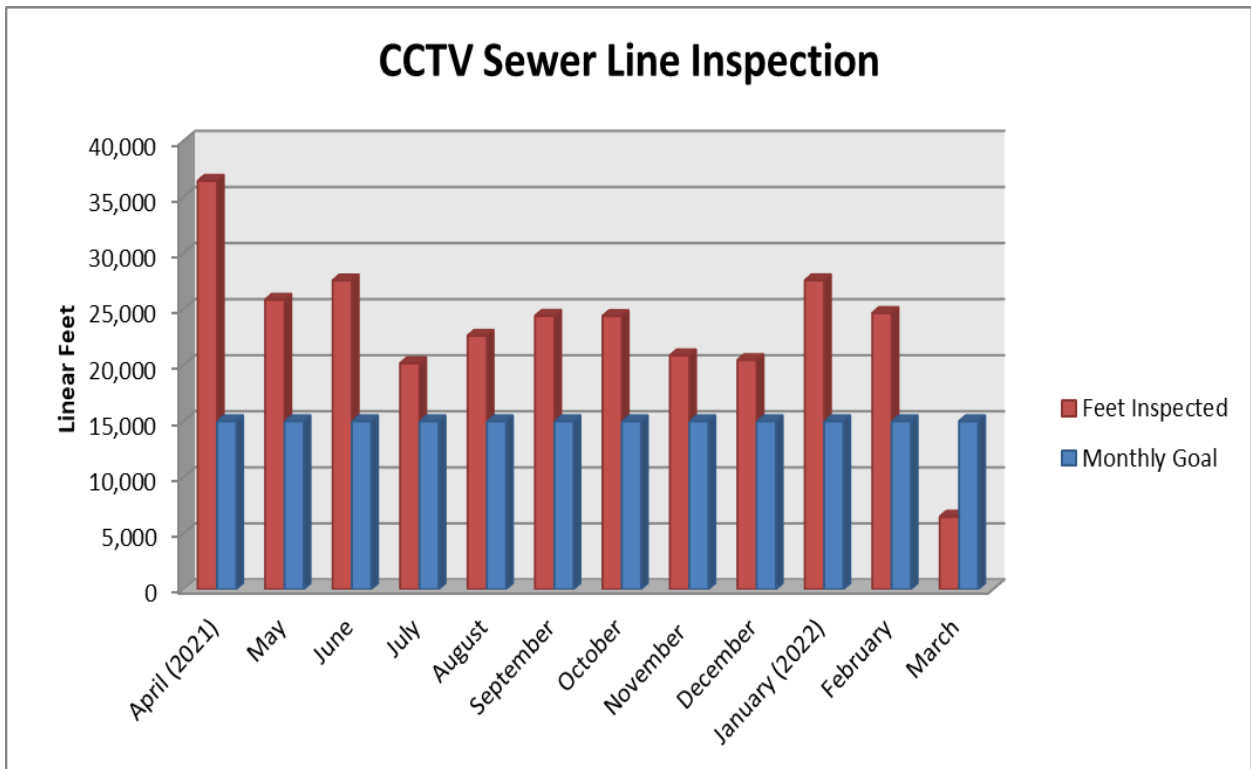


CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US TREASURY									
912828ZT0	US Treasury Note 0.25% Due 5/31/2025	1,000,000.00	10/14/2021 0.78%	980,976.56 983,390.41	93.16 2.51%	931,641.00 837.91	0.83% (51,749.41)	Aaa / AA+ AAA	3.17 3.11
Total US Treasury		17,500,000.00	1.17%	17,498,369.15 17,494,438.25	2.13%	17,010,236.05 43,833.64	15.10% (484,202.20)	Aaa / AA+ AAA	2.03 1.98
TOTAL PORTFOLIO		113,922,357.34	0.74%	114,167,209.57 114,009,977.76	1.21%	112,755,697.83 186,823.40	100.00% (1,254,279.93)	Aa1 / AA AAA	0.89 0.80
TOTAL MARKET VALUE PLUS ACCRUED						112,942,521.23			

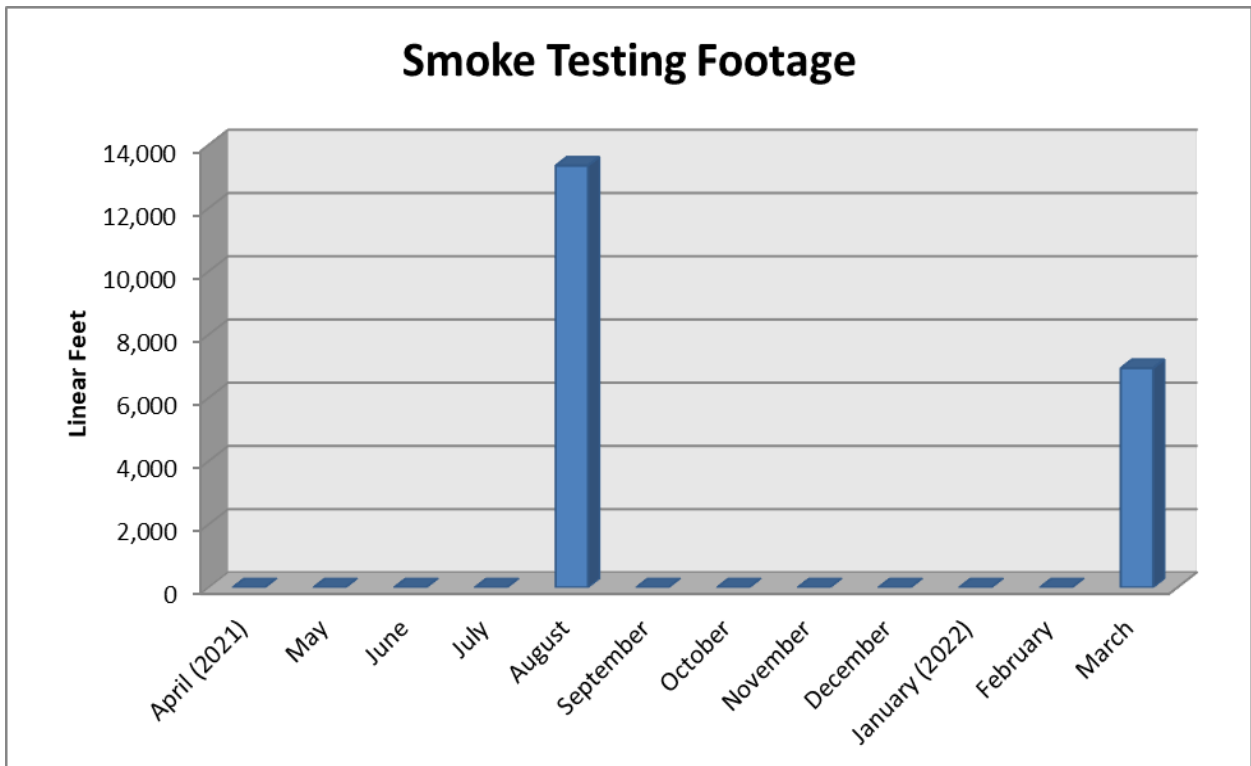
**VALLECITOS WATER DISTRICT
SUMMARY OF LEGAL FEES**

Matter Description	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Total
General Counsel Services	\$ 4,303	\$ 33,300	\$ 10,756	\$ 4,232	\$ 13,238	\$ 16,885	\$ 6,265	\$ 5,404	\$ 9,160	\$ 14,725	\$ 10,616	\$ 8,361	\$ 17,888	\$ 155,132
Labor/Employment	1,275	1,183	800	2,241	2,487	1,627	1,075	368	461	890	1,965	860	1,934	17,165
Engineering - Construction/Contracting	5,005	3,575	4,180	1,348	3,033	2,640	2,640	990	2,915	3,025	2,915	3,548	3,316	39,128
Fees and Taxes	-	-	890	491	-	645	-	-	461	-	-	154	-	2,640
Environmental	154	1,934	-	-	-	-	-	-	-	-	-	-	-	2,088
Adv. Butler	138	2,757	4,150	1,722	275	1,458	1,267	3,489	2,947	-	550	1,100	1,089	20,940
Renewable Energy	-	307	-	-	645	276	-	-	215	-	-	110	399	1,952
Litigation	5,198	4,276	7,568	6,060	4,840	-	3,745	3,469	3,991	4,329	368	1,228	1,259	46,331
Driscoll & Omens Prop 218 Sole	2,598	2,938	1,609	1,209	1,562	163	3,935	333	324	2,945	647	1,074	795	20,131
Driscoll & Omens Prop 218 Shared	429	204	142	301	318	281	229	151	85	95	23	602	240	3,101
Driscoll & Omens Prop 218 PRA Requests	774	1,272	510	619	481	767	252	545	835	290	1,028	186	17	7,575
Total	\$ 19,873	\$ 51,745	\$ 30,605	\$ 18,223	\$ 26,877	\$ 24,742	\$ 19,407	\$ 14,751	\$ 21,392	\$ 26,299	\$ 18,112	\$ 17,221	\$ 26,936	\$ 316,182

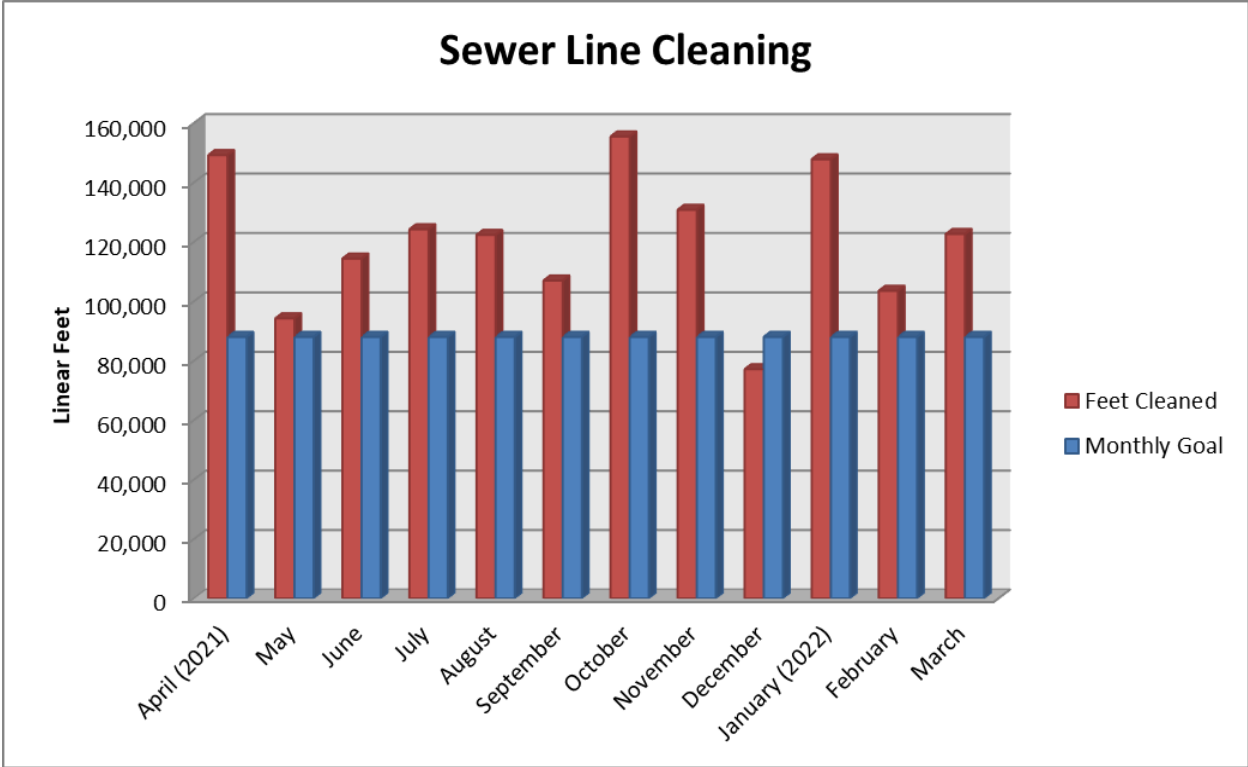
Quarterly O&M Metrics Report



CCTV Sewer Line Inspection Totals in Feet
 Total for Calendar Year 2022 = 58,718 ft.
 (Goal is to inspect at least 180,000 feet of gravity lines per calendar year)

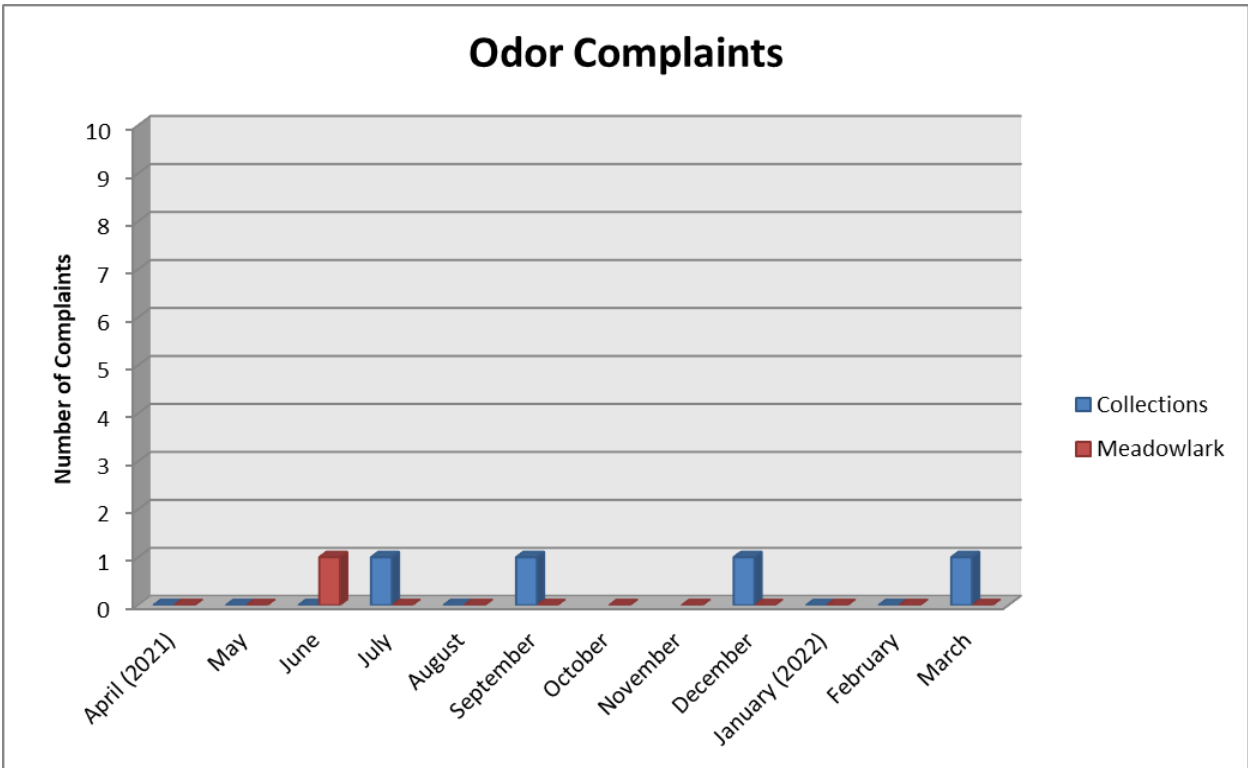


Smoke Testing of Sewer Lines in Feet
 (Goal is to smoke test three areas per calendar year based on suspected I&I)

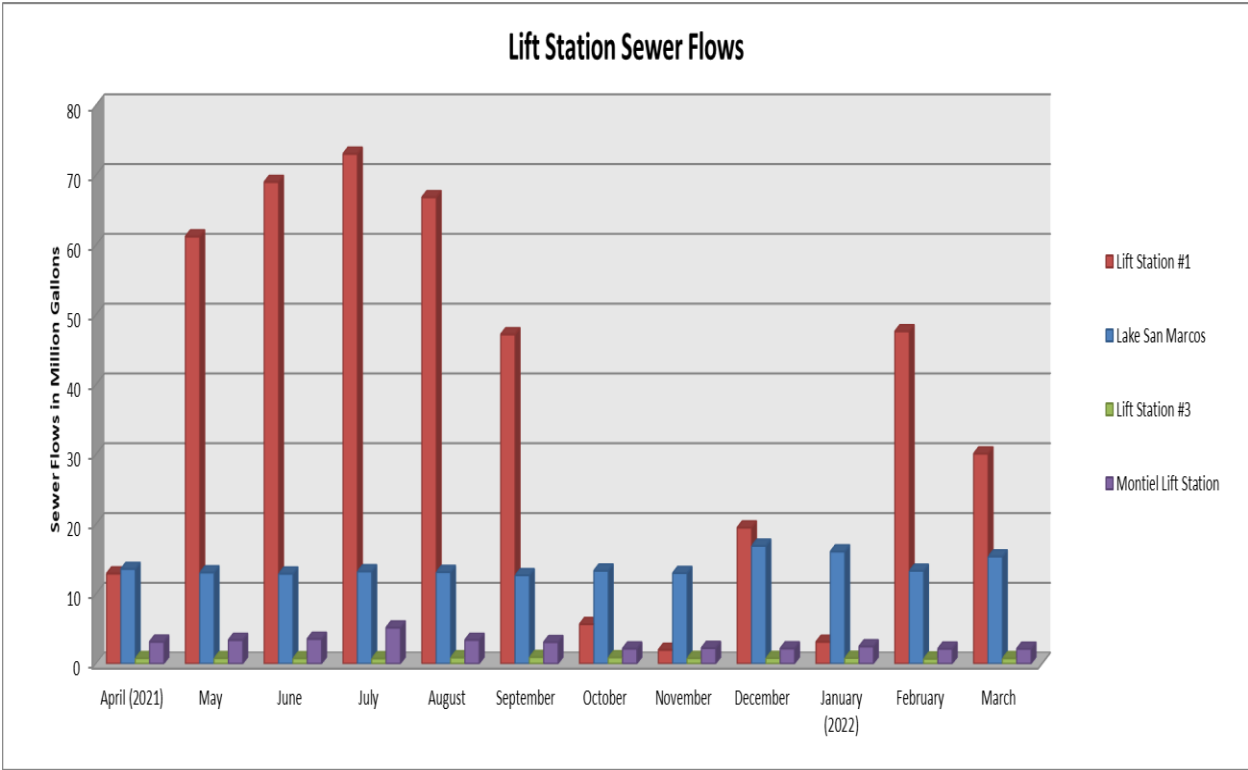


Sewer Line Cleaning Totals in Feet
Total for Calendar Year 2022 = 373,871 ft.

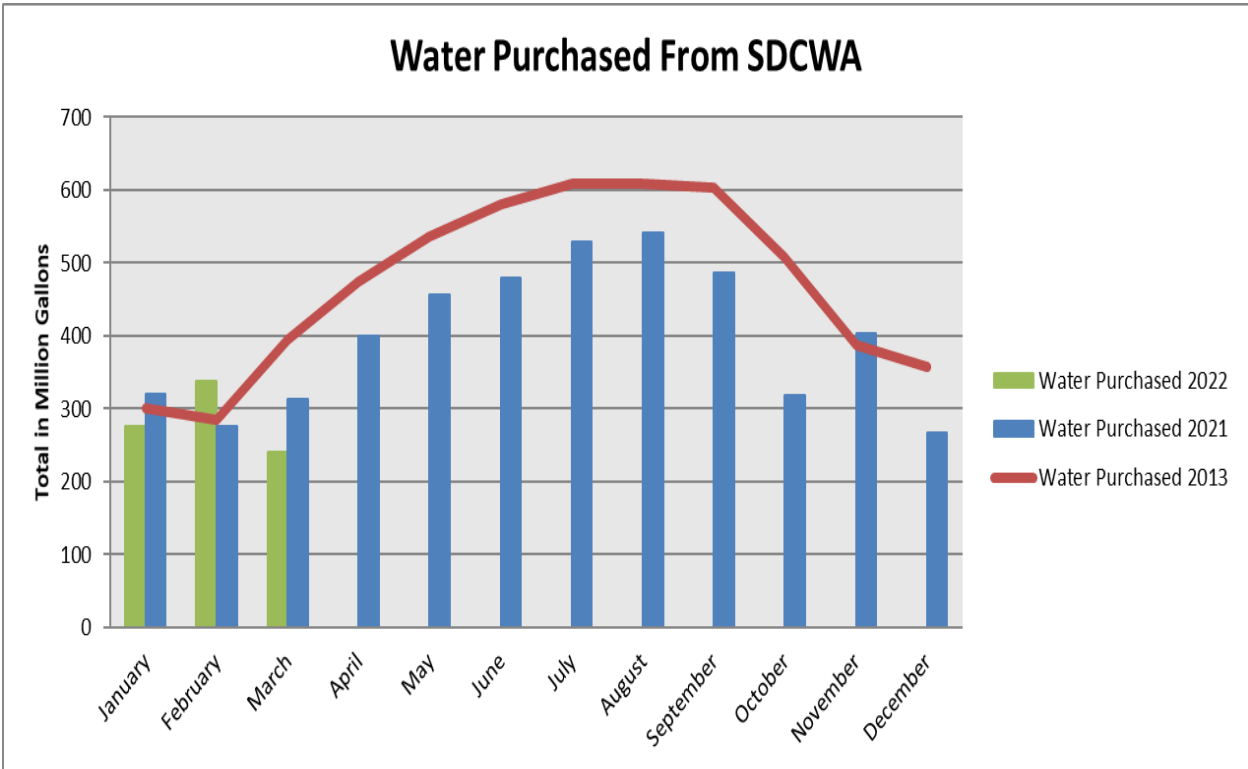
(Goal is to clean 1,000,000 ft. of gravity lines per year and clean the entire system in 15 months or less)



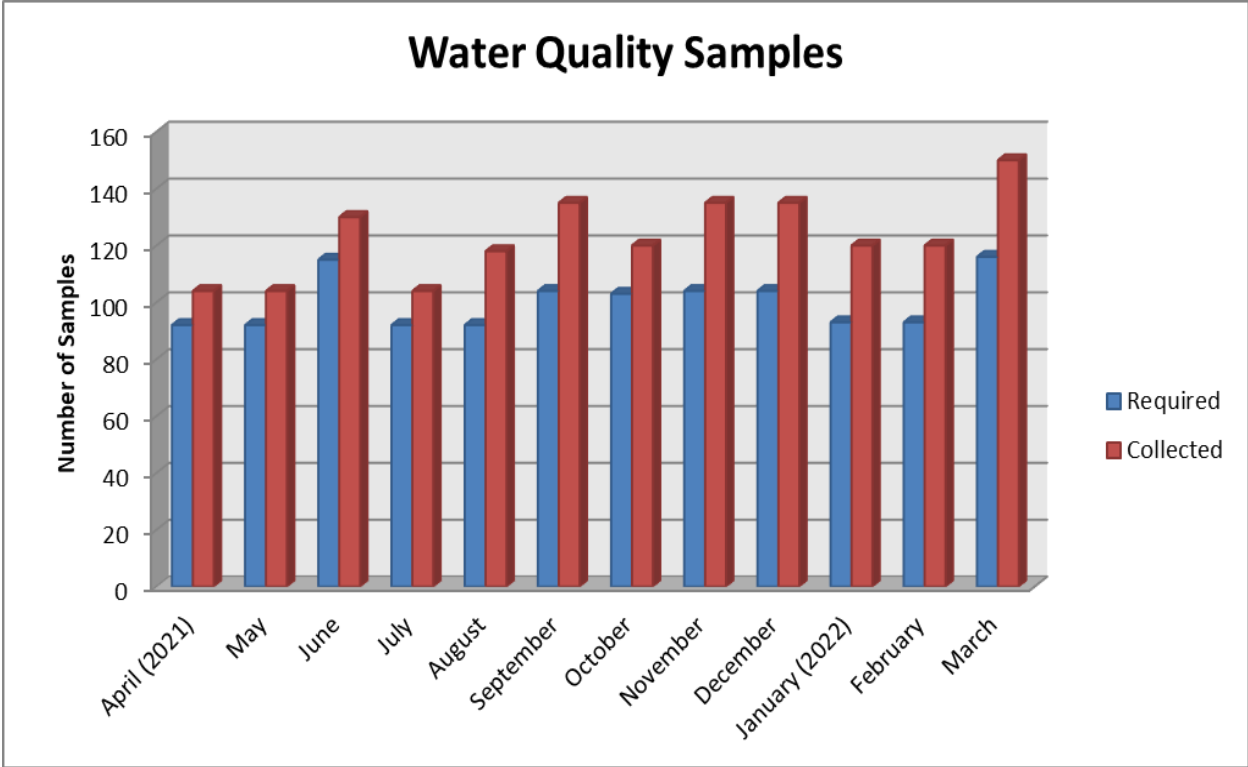
Customer Sewer Odor Complaints



Sewer Flows Pumped from District Lift Stations

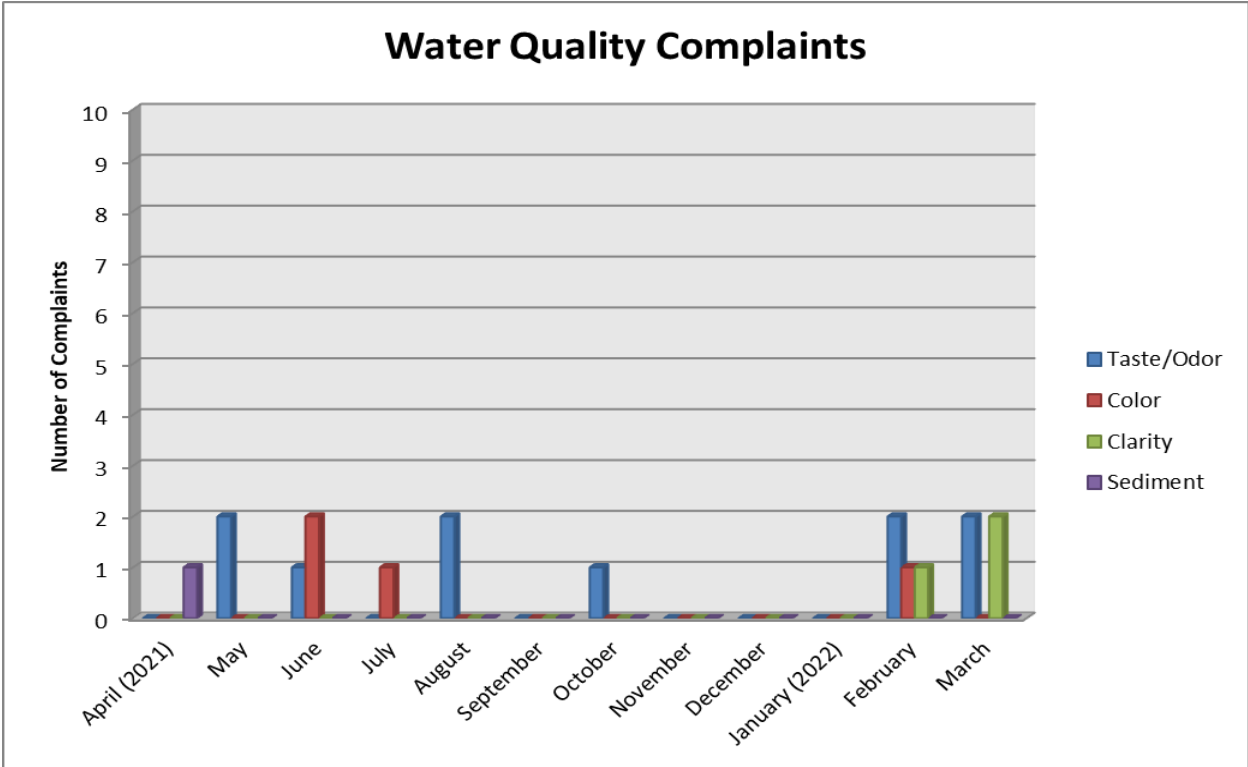


Water Purchased from the San Diego County Water Authority
 Calendar Year 2013 was used by the SWRCB as a baseline for water conservation efforts
 (Includes water from the desalination and OMWD plants)



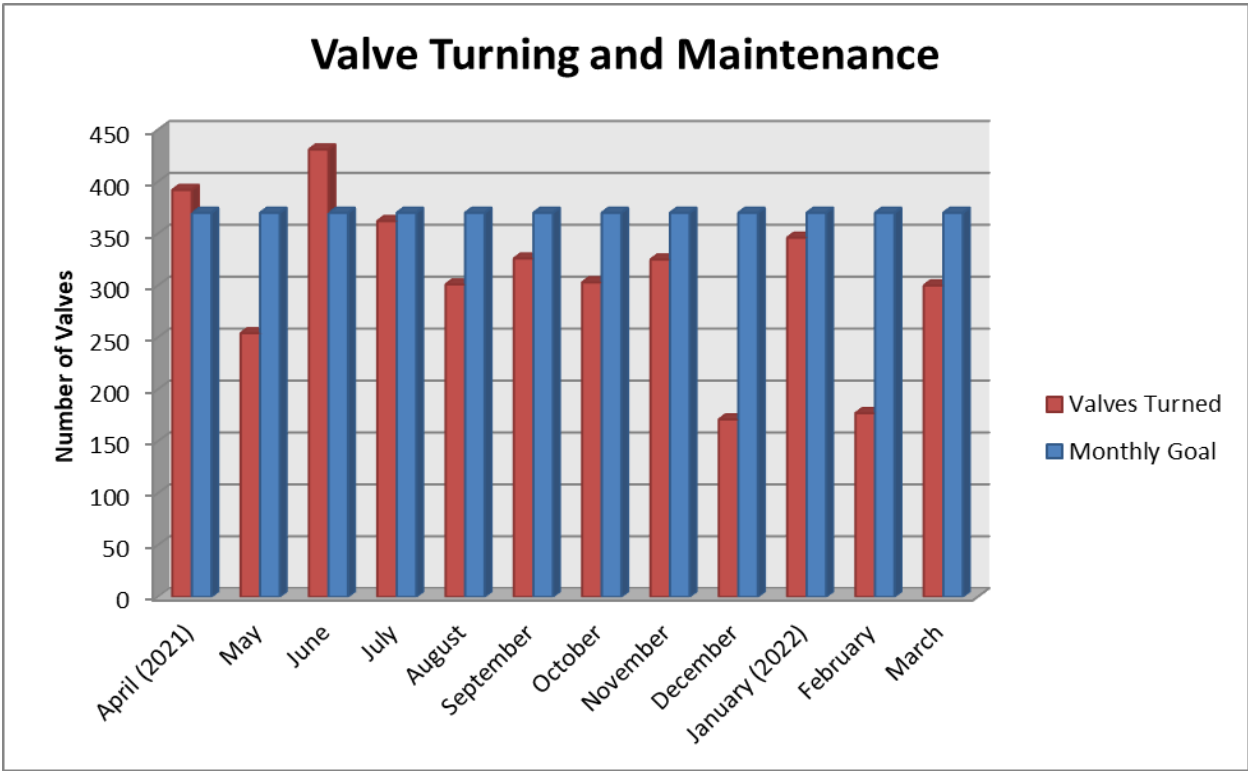
Bacteriological Water Quality Samples

(Number of samples required each month is based on SWRCB regulations & the number of weeks per month)

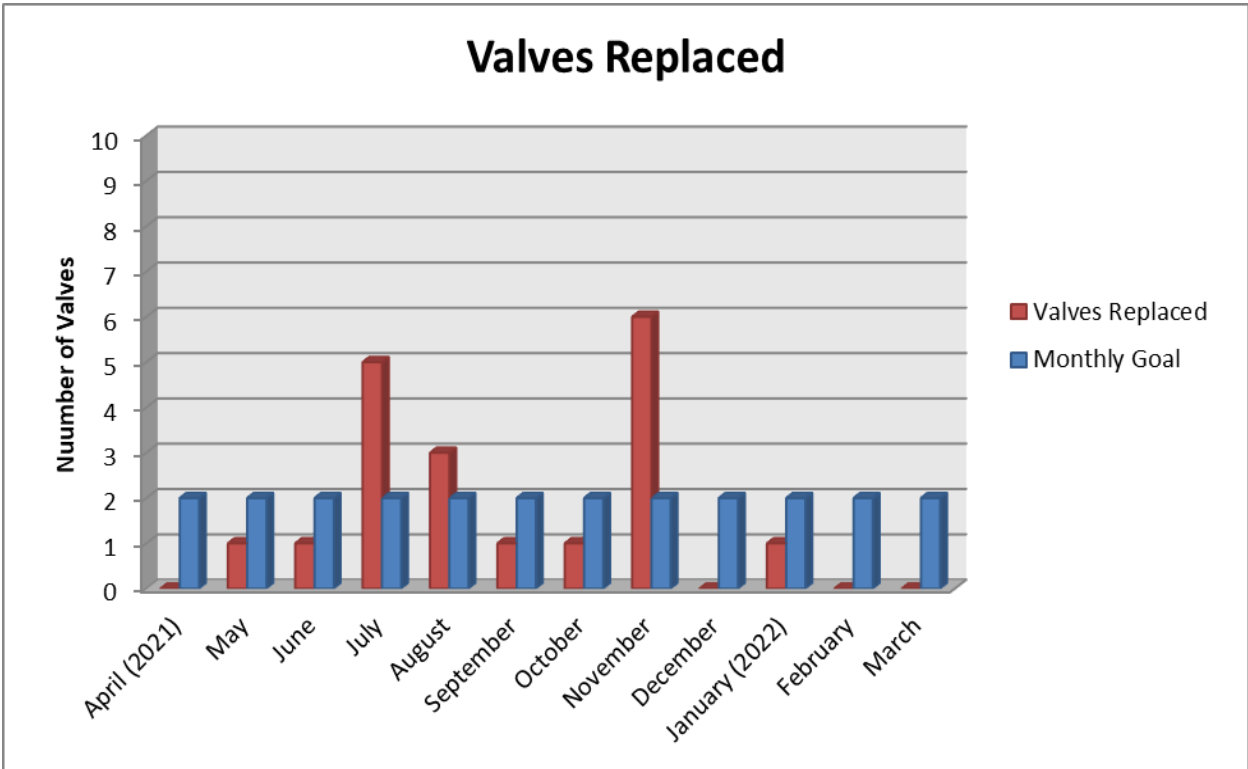


Customer Water Quality Complaints

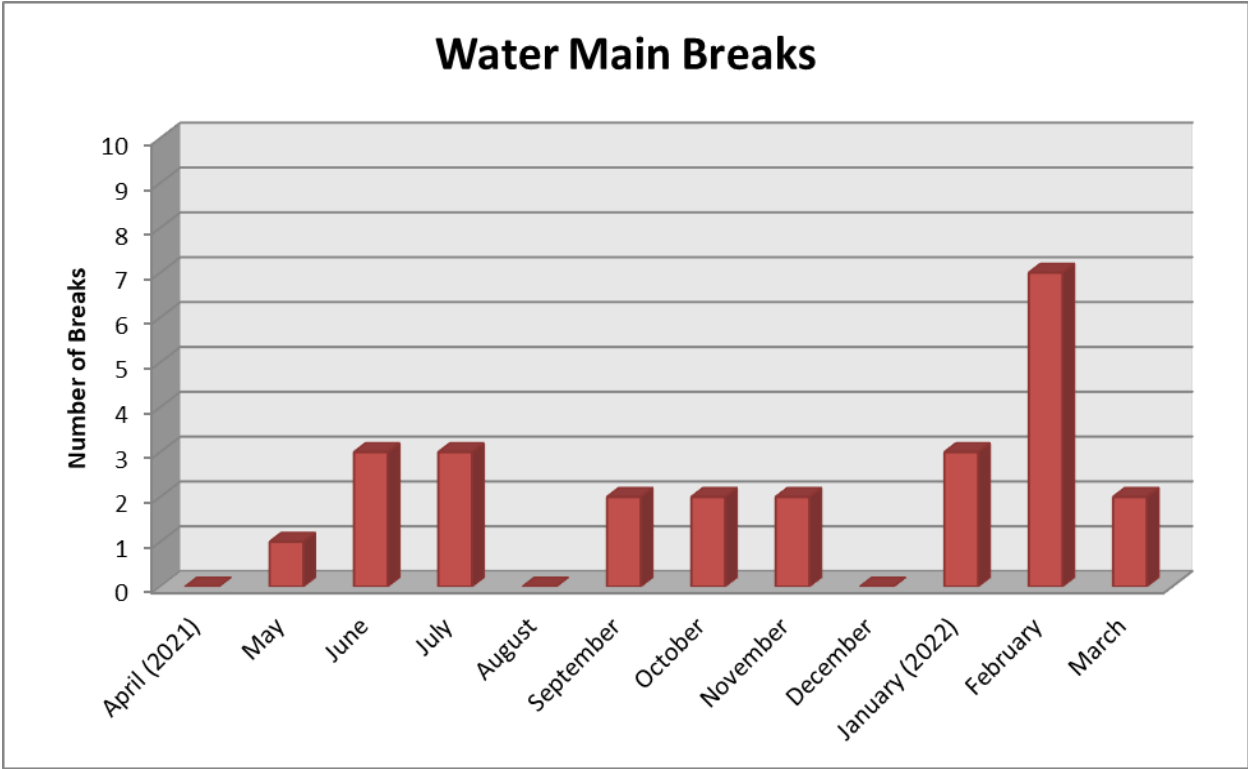
(Water quality issues are typically caused by main breaks, construction activities & customers' plumbing)



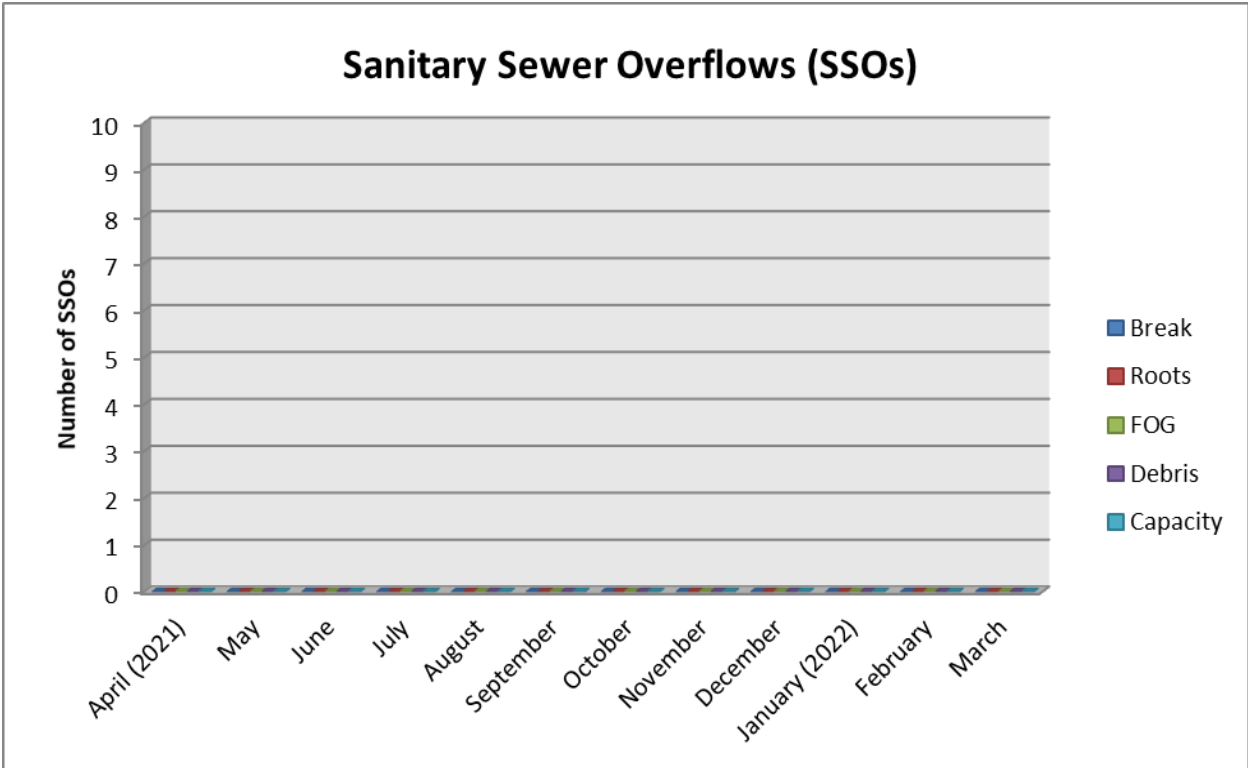
Water Valves Turned in the Distribution System
 The District has 8,874 valves / 9% of the valves have been turned in Calendar Year 2022
 (Goal is to turn 50% of valves every calendar year or about 370/Month)



Water Valves Replaced in the Distribution System
 Total replaced so far for Fiscal Year 2021/22 = 17 / There are currently 35 broken valves that need replacing
 (Goal is to replace 20 valves every fiscal year or around 2 per month)

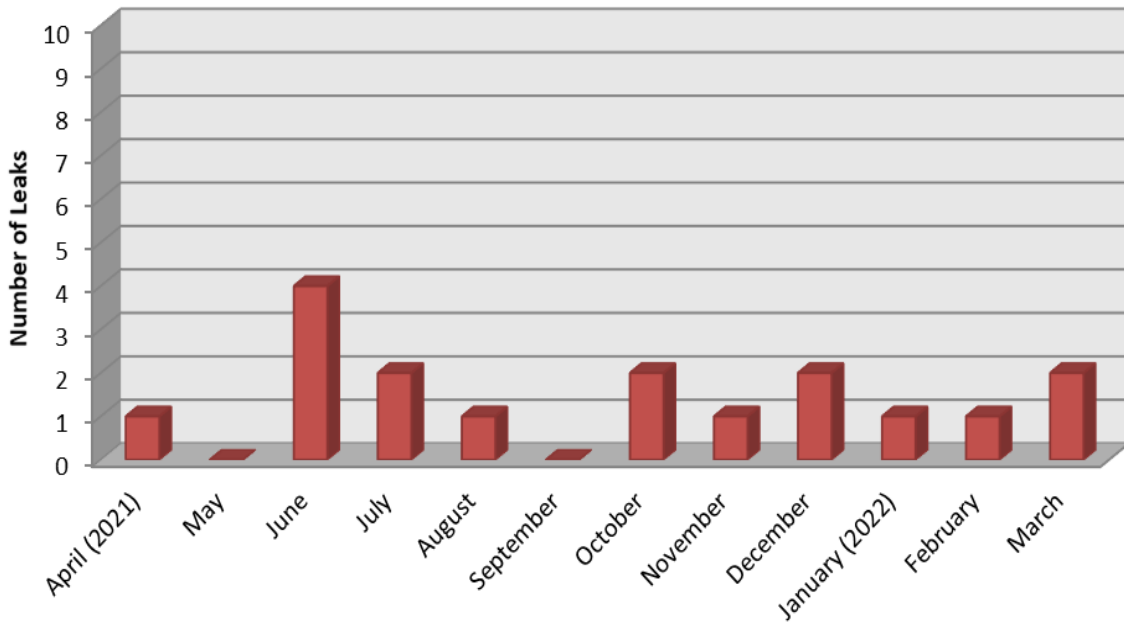


Water Mainline Breaks in the Distribution System
 (There have been 12 water main breaks in calendar year 2022 / There were 18 in 2021)



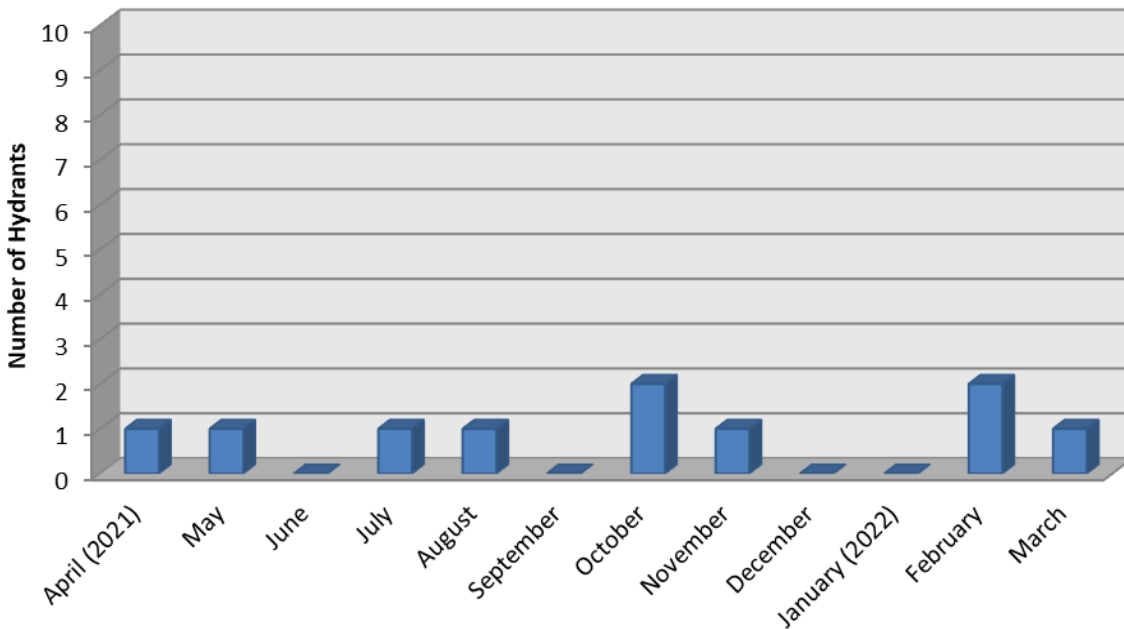
Sanitary Sewer Overflows (sewer spills and their cause) in the Wastewater Collections System
 (There have been 0 SSOs in calendar year 2022 / There were 0 in 2021)

Water Service Line Leaks



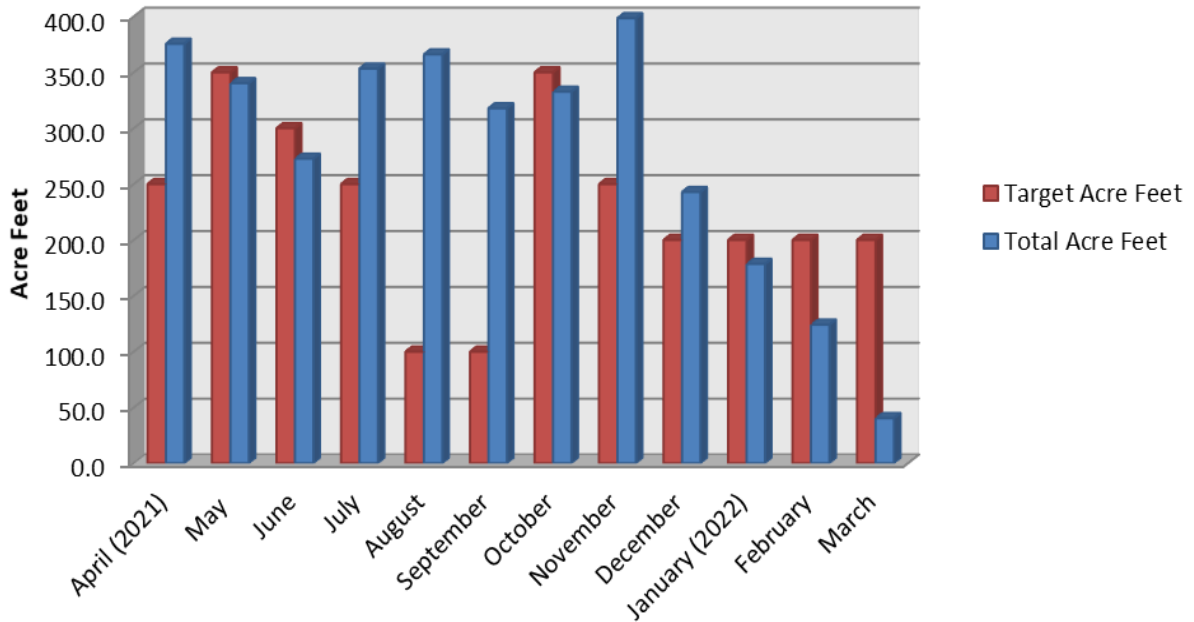
Water Service Line Leaks in the Distribution System
 (There have been 4 water service line leaks in calendar year 2022 / There were 18 in 2021)

Hit Fire Hydrants



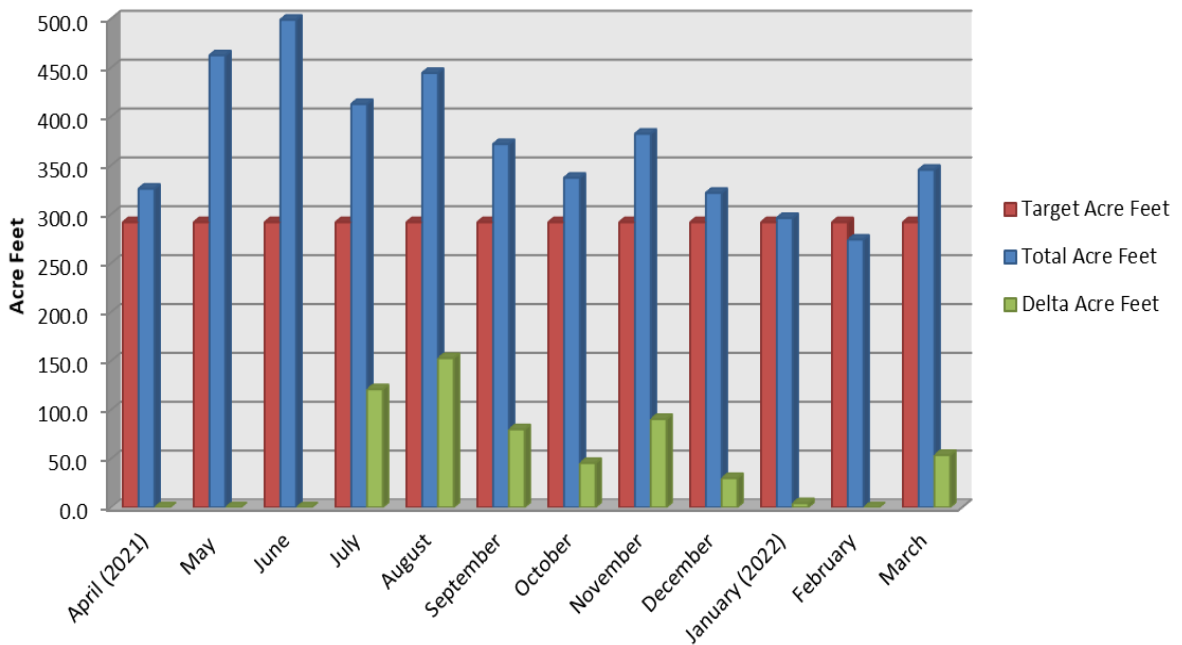
Fire Hydrants Hit in the Distribution System
 (There have been 3 fire hydrants hit in calendar year 2022 / There were 10 in 2021)

San Elijo Pump Station - OMWD Water Purchase

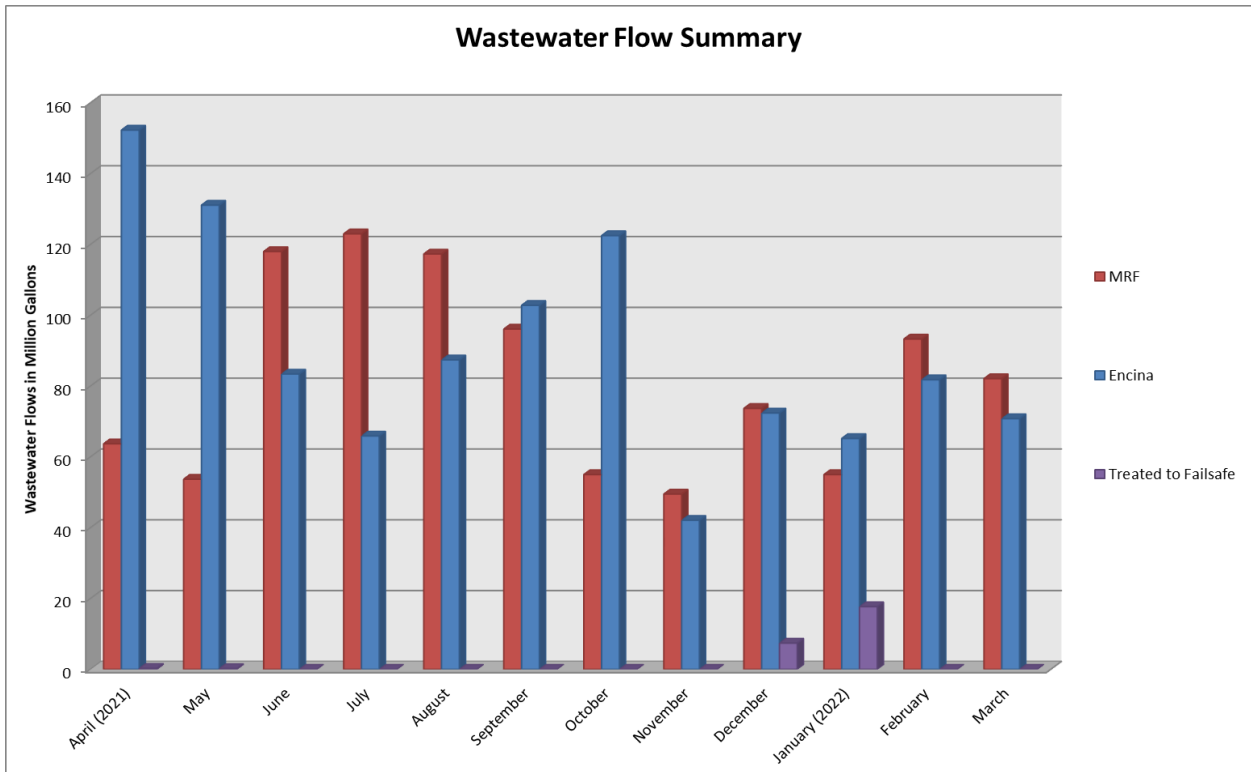


Acre Feet (AF) of Water Purchased from Olivenhain MWD – San Elijo Pump Station
 Our annual minimum take from OMWD is 2,750 AF / We have purchased 343 AF in CY 2022
 (The monthly Target Acre Feet varies throughout the year based on the agreement with OMWD)

Desalination Plant Water Purchase



Acre Feet (AF) of Water Purchased from the Carlsbad Desalination Plant
 Our annual minimum take from Desal is 3,500 AF / We have purchased 915 AF in CY 2022
 The Delta Acre Feet is the amount of Desal water taken above the target amount in the Rider Agreement
 A total of 519.8 Acre Feet of Desal water has been taken towards the goal of 4,600 Acre Feet by 2031



Total raw wastewater flows to Meadowlark Reclamation Facility (MRF) and Encina Wastewater Authority (EWA). This graph also includes secondary or reclaimed water sent to the District’s Failsafe line. All totals are in Million Gallons per Month.

DATE: APRIL 20, 2022
TO: BOARD OF DIRECTORS
SUBJECT: APPROVAL OF CONSTRUCTION AGREEMENT FOR DISCOVERY VILLAGE SEGMENT 2B WATER IMPROVEMENTS (DISCOVERY SL, LLC.)

BACKGROUND:

DISCOVERY SL, LLC., owner of the project, has completed the plan check process with the District. The project is located on Discovery Street between Craven Road and Twin Oaks Valley Road.

Two separate Construction Agreements for Discovery Village Segments 1 & 3 and Segment 2 were originally approved by the Board on January 20, 2021. These two phases are part of the Discovery Street backbone infrastructure, bringing water and sewer facilities for future Discovery Village South residential development, comprised of 131 single family homes and 89 townhome units.

Due to the timing of getting Final Acceptance for each Construction Agreement to the Board for approval of occupancy and utility releases, the developer has requested to split up the approved Segments, from two Construction Agreements into four. Segment 1 and 2A will be constructed under the two original Construction Agreements approved by the Board on January 20, 2021, and Segment 2B will be constructed under one new Construction Agreement approved by the Board with this request. Segment 3 will be constructed under a new Construction Agreement approved by the Board with a separate request.

DISCUSSION:

A Construction Agreement is typically entered into between a developer and the District to ensure the required public facilities are constructed to support the demands of the development.

Segment 2B will construct approximately 991 feet of 10-inch diameter polyvinyl chloride (PVC) water main. No sewer mains are to be installed with Segment 2B, as all sewer mains will be installed as part of Segment 2A.

All engineering and inspection fees and deposits have been paid prior to Board approval of the Construction Agreement. Water and wastewater capital facility fees are due and payable prior to issuance of the final building inspection and/or utility release per Resolution No. 1441. Based on the current fees, this will total \$2,114,508.00 for water and \$2,885,186.00 for wastewater capital facility fees for Discovery Village South.

The owner has submitted standard surety bonds to guarantee completion of the project. The following bond amounts have been reviewed and approved by staff:

Labor and Materials	\$213,954.28
Faithful Performance	\$213,954.28

FISCAL IMPACT:

None. Future water and sewer revenues will offset costs of service.

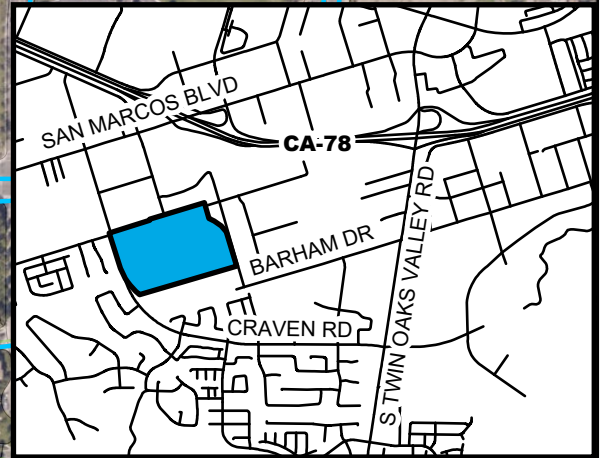
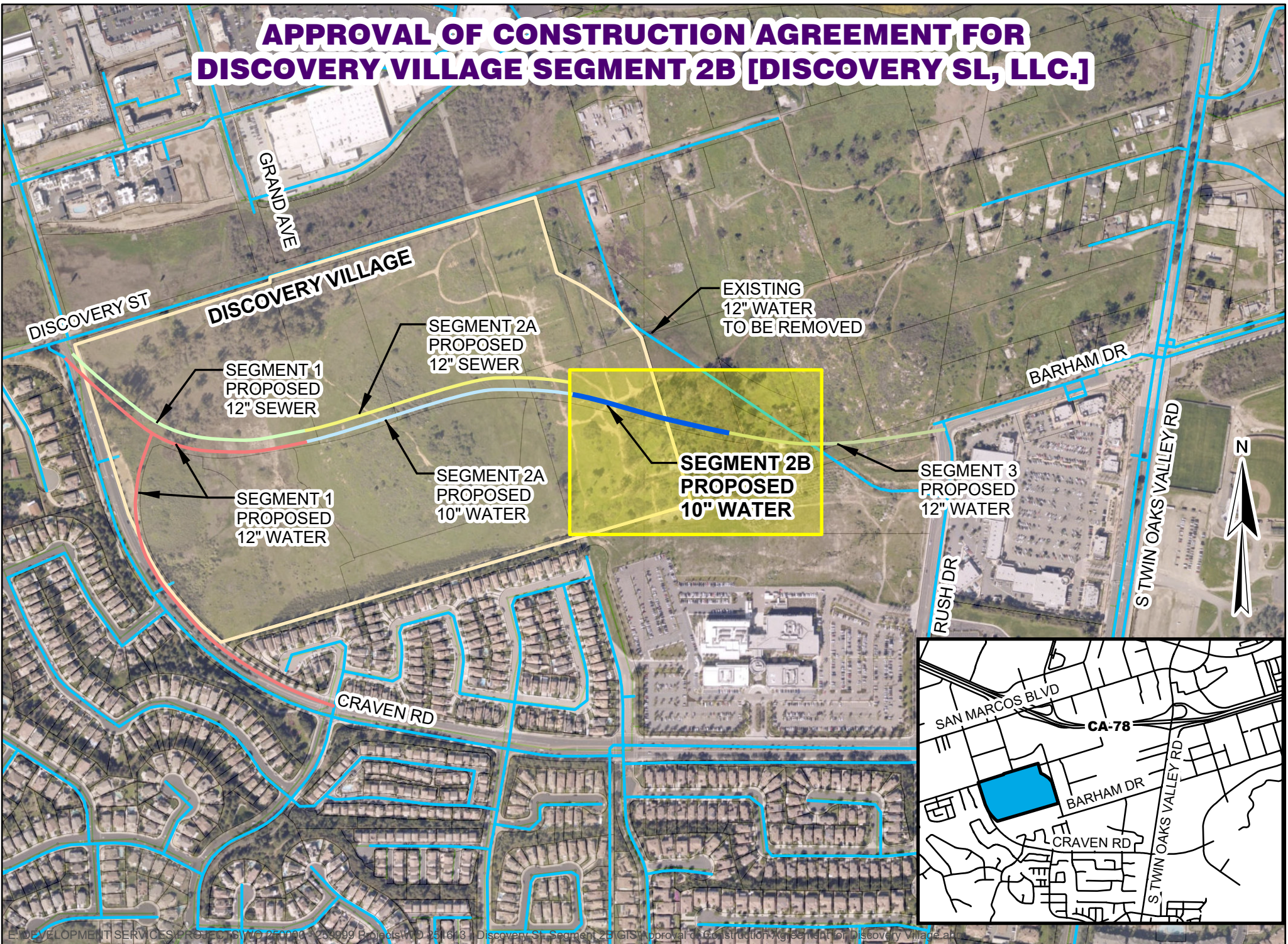
RECOMMENDATION:

Approve the Construction Agreement for Discovery Village Segment 2B Water Improvements.

ATTACHMENTS:

1 Map Exhibit – 1 Aerial Map
Construction Agreement

APPROVAL OF CONSTRUCTION AGREEMENT FOR DISCOVERY VILLAGE SEGMENT 2B [DISCOVERY SL, LLC.]



**AGREEMENT FOR CONSTRUCTION OF FACILITIES TO BE
DEDICATED TO THE VALLECITOS WATER DISTRICT**

THIS AGREEMENT is entered into on this ___ day of _____, 2022 by and between VALLECITOS WATER DISTRICT (“DISTRICT”), a County Water District organized and operating pursuant to the County Water District Law, California Water Code §§ 30000 et seq., and **DISCOVERY SL, LLC**. (“DEVELOPER”), a Delaware Limited Liability Company.

RECITALS

A. DEVELOPER desires to improve certain real property which lies within the boundaries of the DISTRICT consisting of approximately **2.31** acres commonly described as Tax Assessor's Parcel Nos. **221-142-21, 221-142-20, 221-142-19, 221-142-18, 221-080-29, 221-080-28 & 221-80-27** (“PROJECT”).

B. DEVELOPER has requested that DISTRICT provide water and/or sewer service to parts of the PROJECT upon payment of applicable fees, construction and installation by DEVELOPER of the water and/or sewer facilities (“FACILITIES”) necessary to serve the PROJECT and acceptance of the FACILITIES by the DISTRICT.

C. DEVELOPER is required to submit plans and specifications for construction of the FACILITIES for review and approval by DISTRICT. The plans and specifications have been prepared by **Hunsaker and Associates – 9707 Waples Street San Diego, CA 92121** and are identified as **Discovery Street Segment 2B Improvements WO# 251613**. DEVELOPER shall construct the FACILITIES pursuant to the approved plans and specifications which shall include DISTRICT's standard specifications and applicable special provisions. DEVELOPER shall comply with all terms of this Agreement. All work covered by this Agreement shall be completed on or before _____, **2023**. In the event work is not completed by that date, this AGREEMENT shall terminate unless DEVELOPER obtains a written extension from DISTRICT.

AGREEMENT

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. **CONDITIONS PRECEDENT TO EXECUTION OF AGREEMENT.** Each of the following items is an express condition precedent to the obligation of the DISTRICT to execute this Agreement:

- 1.1 **FEES AND CHARGES.** DEVELOPER shall pay all fees and charges due as established by the DISTRICT in its discretion from time to time. All Capital Facility and Connection fees are non-refundable.
- 1.2 **ENVIRONMENTAL REVIEW.** DEVELOPER shall provide the DISTRICT with all environmental documents previously utilized to obtain approvals for the PROJECT. In the event that the DISTRICT determines additional environmental review is necessary, all fees and costs to prepare this additional environmental review shall be borne solely by the DEVELOPER.
- 1.3 **APPROVED PLANS AND SPECIFICATIONS.** DEVELOPER shall prepare and submit to the DISTRICT a set of plans and specifications for the FACILITIES. The plans and specifications for the FACILITIES include DISTRICT's standard specifications and applicable special provisions and are incorporated herein by reference as if set forth in full. Approval of these plans and specifications by the DISTRICT shall be a condition precedent to the obligations of the DISTRICT to execute this Agreement. Approval of these plans and specifications by the DISTRICT shall not relieve the DEVELOPER of liability for any improper design or construction of the FACILITIES.
- 1.4 **CHANGES TO PLANS AND SPECIFICATIONS.** DISTRICT, without liability to DISTRICT, DISTRICT's engineer and their consultants, and each of their directors, officers, employees, and agents, may require such changes, alterations, or additions to the plans and specifications which do not exceed ten percent (10%) of the original DISTRICT estimated cost

of the work as may be determined necessary or desirable by DISTRICT in its sole discretion, including those necessary due to errors or omissions in the approved plans or specifications. Changes, alterations, or additions without said 10% limitation may be made for unforeseen conditions such as rock excavation, unstable soil conditions, or high water tables requiring dewatering.

2. COMMERCIAL GENERAL LIABILITY AND AUTOMOBILE LIABILITY INSURANCE. Prior to construction of FACILITIES under this Agreement, the DEVELOPER shall provide and maintain the following commercial general liability and automobile liability insurance:

2.1 COVERAGE. Coverage for commercial general liability and automobile liability insurance shall be at least as broad as the following:

- A. Insurance Services Office (ISO) Commercial General Liability Coverage (Occurrence Form CG 0001);
- B. Insurance Services Office (ISO) Business Auto Coverage (Form CA 0001), covering Symbol 1 (any auto).

2.2 LIMITS. The DEVELOPER shall maintain limits no less than the following:

- A. General Liability - One million dollars (\$1,000,000) per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit or products-completed operations aggregate limit is used, either the general aggregate limit shall apply separately to the project/location (with the ISO CG 2503, or ISO CG 2504, or insurer's equivalent endorsement provided to DISTRICT) or the general aggregate limit and products-completed operations aggregate limit shall be twice the required occurrence limit.
- B. Automobile Liability - One million dollars (\$1,000,000) per occurrence for bodily injury and property damage each accident limit.

2.3 REQUIRED PROVISIONS. The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

- A. DISTRICT, its directors, officers, employees, and authorized volunteers are to be given additional insured status (using ISO endorsement forms CG 20 10 10 01 and 20 37 10 01, or endorsements providing the exact same coverage) as respects: liability arising out of activities performed by or on behalf of the DEVELOPER; products and completed operations of the DEVELOPER; premises owned, occupied or used by the DEVELOPER; and automobiles owned, leased, hired or borrowed by the DEVELOPER. The coverage shall contain no special limitations on the scope of protection afforded to DISTRICT, its directors, officers, employees, or authorized volunteers.
- B. For any claims related to this project, the DEVELOPER's insurance shall be primary insurance as respects DISTRICT, its directors, officers, employees, or authorized volunteers. Any insurance, self-insurance, or other coverage maintained by DISTRICT, its directors, officers, employees, or authorized volunteers shall not contribute to it.
- C. Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to DISTRICT, its directors, officers, employees, or authorized volunteers.
- D. The DEVELOPER's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- E. Each insurance policy required by this agreement shall state, or be endorsed to state, that coverage shall not be canceled by the insurance carrier or the DEVELOPER, except after thirty (30) days (10 days for non-payment of premium) prior written notice by U.S. mail has been given to DISTRICT.

- F. Such liability insurance shall indemnify the DEVELOPER and its sub-developers against loss from liability imposed by law upon, or assumed under contract by, the DEVELOPER or its sub-developers for damages on account of such bodily injury (including death), property damage, personal injury, completed operations, and products liability.
- G. The general liability policy shall cover bodily injury and property damage liability, owned and non-owned equipment, blanket contractual liability, completed operations liability, explosion, collapse, underground excavation, and removal of lateral support. Additionally, the automobile liability policy shall cover all owned, non-owned, and hired automobiles.
- H. All of the insurance shall be provided on policy forms and through companies satisfactory to DISTRICT.

3. DEDUCTIBLES AND SELF-INSURED RETENTIONS. Any deductible or self-insured retention must be declared to and approved by DISTRICT. At the option of DISTRICT, the insurer shall either reduce or eliminate such deductibles or self-insured retentions.

4. ACCEPTABILITY OF INSURANCE. All insurance required hereunder is to be placed with insurers having a current A.M. Best rating of no less than A-:VII or equivalent or as otherwise approved by DISTRICT.

5. WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY INSURANCE. The DEVELOPER and all sub-developers shall insure (or be a qualified self-insured) under the applicable laws relating to workers' compensation insurance, all of their employees working on or about the construction site, in accordance with the "Workers' Compensation and Insurance Act", Division IV of the Labor Code of the State of California and any Acts amendatory thereof. The DEVELOPER shall provide employer's liability insurance with limits of no less than \$1,000,000 each accident, \$1,000,000 disease policy limit, and \$1,000,000 disease each employee.

5.1 Labor Certification. By its signature hereunder, DEVELOPER certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with

the provisions of that Code. DEVELOPER agrees to comply with such provisions and to require its consultants and contractors to comply with such provisions before commencing any work on the FACILITIES

6. RESPONSIBILITY FOR WORK. Until the completion and final acceptance by DISTRICT of all the work under and implied by this agreement, the work shall be under the DEVELOPER's responsible care and charge. The DEVELOPER shall rebuild, repair, restore and make good all injuries, damages, re-erections, and repairs occasioned or rendered necessary by causes of any nature whatsoever.

7. EVIDENCE OF INSURANCE. Prior to construction of FACILITIES under this Agreement, the DEVELOPER shall file with DISTRICT a certificate of insurance (Accord Form 25-S or equivalent) signed by the insurer's representative evidencing the coverage required by this agreement. Such evidence shall include an additional insured endorsement and evidence of waiver of rights of subrogation against DISTRICT. If umbrella or excess liability coverage is used to meet any required limit(s) specified herein, DEVELOPER shall provide a "follow form" endorsement satisfactory to DISTRICT indicating that such coverage is subject to the same terms and conditions as the underlying liability policy. Such evidence shall also include confirmation that coverage includes or has been modified to include **Required Provisions**, A-E. The DEVELOPER shall, upon demand of DISTRICT, deliver to DISTRICT such policy or policies of insurance and the receipts for payment of premiums thereon.

8. CONTINUATION OF COVERAGE. If any of the required coverage expires during the term of this agreement, the DEVELOPER shall deliver the renewal certificate(s) including the general liability additional insured endorsement and evidence of waiver of rights of subrogation against DISTRICT (if builder's risk insurance is applicable) to DISTRICT at least ten (10) days prior to the expiration date.

9. SUB-DEVELOPERS. In the event that the DEVELOPER employs other developers (sub-developers) as part of the work covered by this agreement, it shall be the DEVELOPER's responsibility to require and confirm that each sub-developer meets the minimum insurance requirements specified above.

10. SECURITY. Upon execution of this Agreement and prior to Board approval, DEVELOPER shall provide the DISTRICT with a payment bond and a performance bond, each in the amount of **\$ 213,954.28**. Each payment and performance bond shall represent 100% of

the estimated construction costs of the FACILITIES. Bonds shall be furnished by an admitted surety insurer, as defined in Code of Civil Procedure section 995.120, authorized to do business in the State of California and satisfactory to the DISTRICT.

If at any time a surety on any such bond is declared as bankrupt or loses its right to do business in the state of California for any reason, DEVELOPER shall, within ten (10) days after notice from the DISTRICT, substitute acceptable bonds in such form and sum and signed by such other surety or sureties as may be satisfactory to the DISTRICT in its sole discretion. The premium on such bonds shall be paid by the DEVELOPER.

In the event the PROJECT is sold, transferred or assigned the performance and payment bonds shall remain in effect unless new bonds acceptable to the DISTRICT have been provided.

The performance and the payment bonds must remain in effect throughout the period for performance of the work until the work is accepted by formal action of the Board of Directors of the DISTRICT.

In lieu of providing these performance and payment bonds and subject to the DISTRICT's approval, DEVELOPER may provide the DISTRICT with a cash deposit to replace either or both of these bonds, or may provide the DISTRICT with an Instrument of Credit, or Irrevocable Letter of Credit on a form acceptable to the DISTRICT. No substitution or modification of the DISTRICT's standard Instrument of Credit or Irrevocable Letter of Credit shall be accepted without approval of the DISTRICT.

11. DEVELOPER'S FAILURE TO PROVIDE INSURANCE OR BONDS. In the event any insurance or security provided to the DISTRICT in accordance with this Agreement is terminated or canceled for any reason, or is limited in the scope of coverage required by this Agreement, DEVELOPER shall have thirty (30) consecutive days from written notice from DISTRICT to procure the required insurance or security. The failure of DEVELOPER to present alternative insurance or security acceptable to DISTRICT within this thirty- (30-) day period shall constitute a material breach of this Agreement entitling the DISTRICT to unilaterally terminate this Agreement or sue DEVELOPER for damages at the election of the DISTRICT.

12. EASEMENTS. Prior to execution of this Agreement, DEVELOPER shall provide DISTRICT with a current preliminary title report issued within the last 90 days covering all properties in which easements are to be granted to the DISTRICT. The cost of the preliminary

title report shall be borne solely by DEVELOPER. DEVELOPER shall provide the DISTRICT with such easements as the DISTRICT may require, as determined by the DISTRICT in its sole discretion. All easements to be conveyed to the DISTRICT shall be prepared on the DISTRICT's standard form easements. All easements shall: (1) be of a width satisfactory to DISTRICT, in no case less than twenty (20) feet without specified approval of the Board of Directors; (2) be free and clear of all liens and/or encumbrances which could affect title to the easement; and (3) have recorded subordination agreements for all trust deeds or other liens to insure that the DISTRICT has prior rights in any easements being conveyed to the DISTRICT. DEVELOPER shall procure a policy of title insurance in favor of the DISTRICT covering easements to be granted in amounts determined by the DISTRICT subject only to those conditions of record acceptable to the DISTRICT. All fees and costs to procure easements required by the DISTRICT shall be borne solely by DEVELOPER. Nothing in this Agreement shall obligate the DISTRICT to exercise its condemnation authorities to acquire any easement determined necessary by the DISTRICT. All easements being conveyed to the DISTRICT must be in a recordable form acceptable to the DISTRICT prior to approval of plans and specifications by the DISTRICT.

13. QUALIFIED SERVICE COMMITMENT. Nothing in this Agreement is intended to limit the power of the DISTRICT to restrict the use of water as provided by California Water Code §§ 350 et seq., and §§ 31026 et seq. DEVELOPER is advised and understands that the ability of the DISTRICT to provide water service to the PROJECT is dependent upon the continuing availability of water imported to the DISTRICT from other agencies. In the event of a water shortage, threatened water shortage, or an emergency, water service to DEVELOPER's project may not be available or may be curtailed or restricted. Consequently, the DISTRICT cannot guarantee that water will be available at the time service is requested. The declaration of a water shortage, threatened water shortage or emergency shall be exercised in the sole discretion of the DISTRICT. DEVELOPER agrees that the DISTRICT shall not be liable for any damages, costs, fees, or expenses of any kind, caused by any curtailment, restriction, or termination of potable water service determined necessary by the DISTRICT.

14. CONSTRUCTION OF FACILITIES. DEVELOPER shall not commence construction of any FACILITIES required by this Agreement until DEVELOPER has received written authorization from the DISTRICT to proceed. All work performed on the FACILITIES shall be: (1) done in strict compliance with the approved plans and specifications; (2) in a good

and workmanlike manner as determined by the DISTRICT in its sole discretion; and (3) in accordance with DISTRICT's current published standards and criteria for projects and standards and criteria which may be required by DISTRICT at any time, whether published or not, in the District's sole discretion. All work performed on the FACILITIES by DEVELOPER shall be subject to inspection by the DISTRICT's designated representatives and DEVELOPER shall comply with all instructions given by the DISTRICT's representative during construction of the work. All fees and costs to construct the FACILITIES shall be borne by DEVELOPER.

15. COMPLIANCE WITH APPLICABLE LAW. DEVELOPER shall insure that all work performed on the project is performed in a manner which complies with all applicable federal and state laws and all county and local government rules and regulations, including all rules and regulations of DISTRICT, as these rules and regulations may be modified or changed from time to time. DEVELOPER shall be solely responsible for obtaining and paying for all permits, licenses and approvals necessary to construct the FACILITIES. DEVELOPER shall provide verification that permits, licenses and approvals have been obtained promptly upon demand from DISTRICT. As a material part of this Agreement, DEVELOPER agrees to assume all risk of liability arising from non-compliance with applicable federal, state, county, and local government rules and regulations, including all rules and regulations of the DISTRICT

16. CALIFORNIA LABOR CODE REQUIREMENTS.

16.1 DEVELOPER is aware of the requirements of California Labor Code Sections 1720 et seq. and 1770 et seq. ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on certain "public works" projects. If the requirements of this Agreement are performed as part of an applicable "public works" project, as defined by the Prevailing Wage Laws, DEVELOPER agrees to fully comply with such Prevailing Wage Laws, if applicable. DEVELOPER shall defend, indemnify and hold the DISTRICT and its officials, officers, employees and agents free and harmless from any claims, liabilities, costs, penalties or interest arising from any failure or alleged failure to comply with the Prevailing Wage Laws. It shall be mandatory upon the DEVELOPER and DEVELOPER's contractor and all subcontractors to comply with all California Labor Code provisions, which include but are

not limited to prevailing wages, employment of apprentices, hours of labor and debarment of contractors and subcontractors.

16.2 If the work is being performed as part of an applicable “public works” or “maintenance” project, in addition to the foregoing, then pursuant to Labor Code Sections 1725.5 and 1771.1, DEVELOPER’s contractor and all subcontractors must be registered with the Department of Industrial Relations (“DIR”). DEVELOPER’s contractor shall maintain registration for the duration of the project and require the same of any subcontractors. This project may also be subject to compliance monitoring and enforcement by the DIR. It shall be DEVELOPER’s sole responsibility to comply with all applicable registration and labor compliance requirements including the submission of payroll records directly to the DIR.

17. UTILIZATION OF A PORTION OF WORK. DISTRICT shall have the right upon written notification to the DEVELOPER to utilize such portions of the work DISTRICT deems sufficiently complete to be utilized or placed into service.

18. ACCEPTANCE OF WORK. Upon completion of the FACILITIES required by this Agreement to the satisfaction of the DISTRICT, the FACILITIES which have been constructed shall be presented to the Board of Directors of the DISTRICT for dedication and the filing of a Notice of Completion. The DISTRICT shall have no obligation to accept the FACILITIES or file a Notice of Completion if the design and/or construction of the work is not satisfactory to the DISTRICT in its sole discretion. Upon recordation of a Notice of Completion, all right, title, ownership and interest in the FACILITIES shall be deemed to have been transferred to the DISTRICT. DEVELOPER shall not allow any part of PROJECT to be occupied prior to acceptance of FACILITIES by DISTRICT.

19. WATER SERVICE MAINTENANCE AFTER ACCEPTANCE OF WORK. Due to the uncertainty of prompt sale/construction/occupancy of the project’s lots and based on the need to provide adequate flow to residences, DEVELOPER shall be responsible for periodic flushing of the services within the subdivision until such time as the subdivision is sold. The DISTRICT and DEVELOPER will cooperate to provide manpower and schedule work.

20. LIABILITY FOR WORK PRIOR TO FORMAL ACCEPTANCE. Until the Board of Directors of the DISTRICT has formally accepted all work performed in accordance with this

Agreement, DEVELOPER shall be solely responsible for all damage to the work regardless of cause and for all damages or injuries to any person or property from any cause excepting injury or damage caused by the sole or active negligence of DISTRICT, its agents, or employees.

21. LIABILITY AFTER ACCEPTANCE OF WORK. After the Board of Directors of the DISTRICT has accepted the FACILITIES by formal action of the Board, DEVELOPER and DEVELOPER's successors in interest shall remain liable for all injuries or damage to persons or property including damage to the work itself, arising from or related to design or construction of the FACILITIES to the fullest extent permitted by California law.

22. RELEASE OF SECURITY. Forty (40) days after the Notice of Completion has been filed by the DISTRICT, the DISTRICT shall release any security previously provided by DEVELOPER, as long as no claims have been filed. The security shall not be released until the DISTRICT has received a warranty bond or alternative security acceptable to the DISTRICT covering 25% of the original performance bond or alternative security amount. DISTRICT must have a warranty bond prior to Board acceptance of the project. This new security shall remain in effect for the full duration of the one-year warranty period, which commences upon final Board Acceptance, and until DEVELOPER has corrected all defects noted by the DISTRICT during the warranty period.

23. WARRANTY. DEVELOPER shall and hereby does guarantee all work and materials for the FACILITIES to be free from all defects due to faulty materials or workmanship for a period of one (1) year after the date of acceptance of the work by the DISTRICT. The DEVELOPER shall repair or remove and replace any and all such work, together with any other work which may be displaced in so doing, that is found to be defective in workmanship and/or materials within said one-year period without expense whatsoever to the DISTRICT, ordinary wear and tear and unusual abuse or neglect excepted. In the event DEVELOPER fails to comply with the above-mentioned conditions within one (1) week after being notified in writing, the DISTRICT is authorized to proceed to have the defects remedied and made good at the expense of DEVELOPER who agrees to pay the cost and charges therefore immediately upon demand. Such action by the DISTRICT will not relieve the DEVELOPER of the guarantee required by this section. This section does not in any way limit liability of the DEVELOPER for any design defects or defects in the work subsequently discovered by the DISTRICT.

24. INDEMNITY. DEVELOPER shall be solely responsible and liable for design defects or defects in work performed to construct the FACILITIES required by this Agreement. This shall include liability and responsibility for injury or damage to the work itself. To the fullest extent permitted by law, DEVELOPER shall defend, indemnify and hold the DISTRICT, the DISTRICT's representatives and each of the DISTRICT's officers, employees and agents free and harmless from any and all claims, liabilities, losses, costs, expenses, damages, or injuries to property or persons, including wrongful death, (collectively, "Claims") in any manner arising out of or incident to any acts, omissions or willful misconduct of DEVELOPER, its officials, officers, employees, agents, consultants and contractors resulting from the design or construction of the FACILITIES, except where the Claim has been caused by the sole and active negligence of the DISTRICT. In the event that any suit is instituted naming the DISTRICT as a party, the DISTRICT shall be entitled to appoint its own independent counsel to represent the DISTRICT; and DEVELOPER agrees to pay all attorney's fees and litigation costs associated with this defense. This indemnity shall extend to any claims arising because DEVELOPER has failed to properly secure any necessary easement, land right, contract or approval.

25. AS-BUILT DRAWINGS. Prior to acceptance of the work by DISTRICT, DEVELOPER shall provide the DISTRICT with two (2) blueprint copies of "as-built" drawings. Upon approval of the mylar copies the DISTRICT will require a bonded mylar or original drawing, disk and certification by a licensed engineer in the state of California as to the accuracy and completeness of the "as-built" drawings. DEVELOPER shall be solely responsible and liable for insuring the completeness and accuracy of these as-built drawings.

26. CASH DEPOSITS. DEVELOPER shall provide the DISTRICT with an initial cash deposit in the amount of **\$ 16,846.00** to cover all DISTRICT fees and costs associated with the FACILITIES. When this deposit has been drawn down to **\$ 1,500.00**, DEVELOPER agrees to deposit such additional sums as the DISTRICT may determine from time to time to cover all fees and costs of the DISTRICT. Prior to final acceptance of the project, a final accounting will be forwarded to the DEVELOPER for payment. Additional deposits for additional inspections after acceptance of the project may be requested.

27. MISCELLANEOUS PROVISIONS.

27.1 NOTICES. All notices required pursuant to this Agreement shall be deemed effective upon receipt when personally served or when sent certified mail, return receipt requested to the following addresses:

DISTRICT:

[VALLECITOS WATER DISTRICT
ATTN: GLENN PRUIM – G.M.
201 VALLECITOS DE ORO
SAN MARCOS, CA 92069]

DEVELOPER:

[DISCOVERY SL, LLC.
ATTN: JOHN VANCE
9990 MESA RIM ROAD SUITE 200
SAN DIEGO, CA 92121]

GOVERNING LAW AND VENUE. This Agreement shall be governed by the laws of the State of California. In the event of any legal or equitable proceeding to enforce or interpret the terms or conditions of this Agreement, the parties agree that venue shall lie only in the federal or state courts in or nearest to the North County Judicial District, County of San Diego, State of California.

27.2 MODIFICATION. This Agreement may not be altered in whole or in part except by a modification, in writing, executed by all the parties to this Agreement.

27.3 ATTORNEY'S FEES. In the event of any legal or equitable proceeding to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to all reasonable attorney's fees and costs in addition to any other relief granted by law. This provision shall apply to the entire Agreement.

27.4 ENTIRE AGREEMENT. This Agreement, together with all the exhibits attached to this Agreement, contains all representations and the entire understanding between the parties with respect to the subject matter of this Agreement. Any prior correspondence, memoranda or agreements are in conflict with this Agreement are intended to be replaced in total by this Agreement and its exhibits.

- 27.5 ASSIGNMENTS.** DEVELOPER shall not be entitled to assign all or any portion of its rights or obligations contained in this Agreement without obtaining the prior consent of the DISTRICT, which consent shall not be unreasonably withheld. Any purported assignment without the DISTRICT's prior written consent shall be void.
- 27.6 BINDING EFFECT.** This Agreement shall inure to the benefit of and be binding upon the parties and their respective purchasers, successors, heirs and assigns.
- 27.7 UNENFORCEABLE PROVISIONS.** The terms, conditions and covenants of this Agreement shall be construed whenever possible as consistent with all applicable laws and regulations. To the extent that any provision of this Agreement, as so interpreted, is held to violate any applicable law or regulation, the remaining provisions shall nevertheless be carried into full force and effect and remain enforceable.
- 27.8 REPRESENTATION OF CAPACITY TO CONTRACT.** Each of the parties to this Agreement represents and warrants that he has the authority to execute this Agreement on behalf of the entity represented by that individual.
- 27.9 OPPORTUNITY TO BE REPRESENTED BY INDEPENDENT COUNSEL.** DEVELOPER warrants and represents that DEVELOPER has been advised to consult independent legal counsel of its own choosing and has had a reasonable opportunity to do so prior to executing this Agreement.
- 27.10 NO WAIVER.** The failure of either party to enforce any term, covenant or condition of this Agreement on the date it is to be performed shall not be construed as a waiver of that party's right to enforce this, or any other, term, covenant or condition of this Agreement at any later date or as a waiver of any term, covenant or condition of this Agreement.
- 27.11 COUNTERPARTS.** This Agreement may be signed in counterparts, each of which shall constitute an original.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

[SIGNATURES ON FOLLOWING PAGE]

**AGREEMENT FOR CONSTRUCTION OF FACILITIES TO BE
DEDICATED TO THE VALLECITOS WATER DISTRICT**

SIGNATURE PAGE

“DISTRICT” VALLECITOS WATER DISTRICT	
By: _____ Glenn Pruum, Secretary Board of Directors Vallecitos Water District	Dated: _____

“DEVELOPER”	
Name: _____	
Title: _____	
Company: <u>DISCOVERY SL, LLC.</u>	
Signature*: _____	Dated: _____

*Acknowledgment of the signature(s) of authorized representative(s) of DEVELOPER executing this Construction Agreement, by a Notary Public, is required. Attach acknowledgment to this page.

DATE: APRIL 20, 2022
TO: BOARD OF DIRECTORS
SUBJECT: APPROVAL OF CONSTRUCTION AGREEMENT FOR DISCOVERY VILLAGE SEGMENT 3 WATER IMPROVEMENTS (DISCOVERY SL, LLC.)

BACKGROUND:

DISCOVERY SL, LLC., owner of the project, has completed the plan check process with the District. The project is located on Discovery Street between Craven Road and Twin Oaks Valley Road.

Two separate Construction Agreements for Discovery Village Segments 1 & 3 and Segment 2 were originally approved by the Board on January 20, 2021. These two phases are part of the Discovery Street backbone infrastructure, bringing water and sewer facilities for future Discovery Village South residential development, comprised of 131 single family homes and 89 townhome units.

Due to the timing of getting Final Acceptance for each Construction Agreement to the Board for approval of occupancy and utility releases, the developer has requested to split up the approved Segments, from two Construction Agreements into four. Segment 1 and 2A will be constructed under the two original Construction Agreements approved by the Board on January 20, 2021, Segment 3 will be constructed under one new Construction Agreement approved by the Board with this request. Segment 2B will be constructed under a new Construction Agreement approved by the Board with a separate request.

DISCUSSION:

A Construction Agreement is typically entered into between a developer and the District to ensure the required public facilities are constructed to support the demands of the development.

Segment 3 will construct approximately 901 feet of 10-inch diameter polyvinyl chloride (PVC) water main. No sewer mains are to be installed with Segment 3, as all sewer mains will be installed as part of Segment 2A.

All engineering and inspection fees and deposits have been paid prior to Board approval of the Construction Agreement. Water and wastewater capital facility fees are due and payable prior to issuance of the final building inspection and/or utility release per Resolution No. 1441. Based on the current fees this will total \$2,114,508.00 for water and \$2,885,186.00 for wastewater capital facility fees for Discovery Village South.

The owner has submitted standard surety bonds to guarantee completion of the project. The following bond amounts have been reviewed and approved by staff:

Labor and Materials	\$190,742.49
Faithful Performance	\$190,742.49

FISCAL IMPACT:

None. Future water and sewer revenues will offset costs of service.

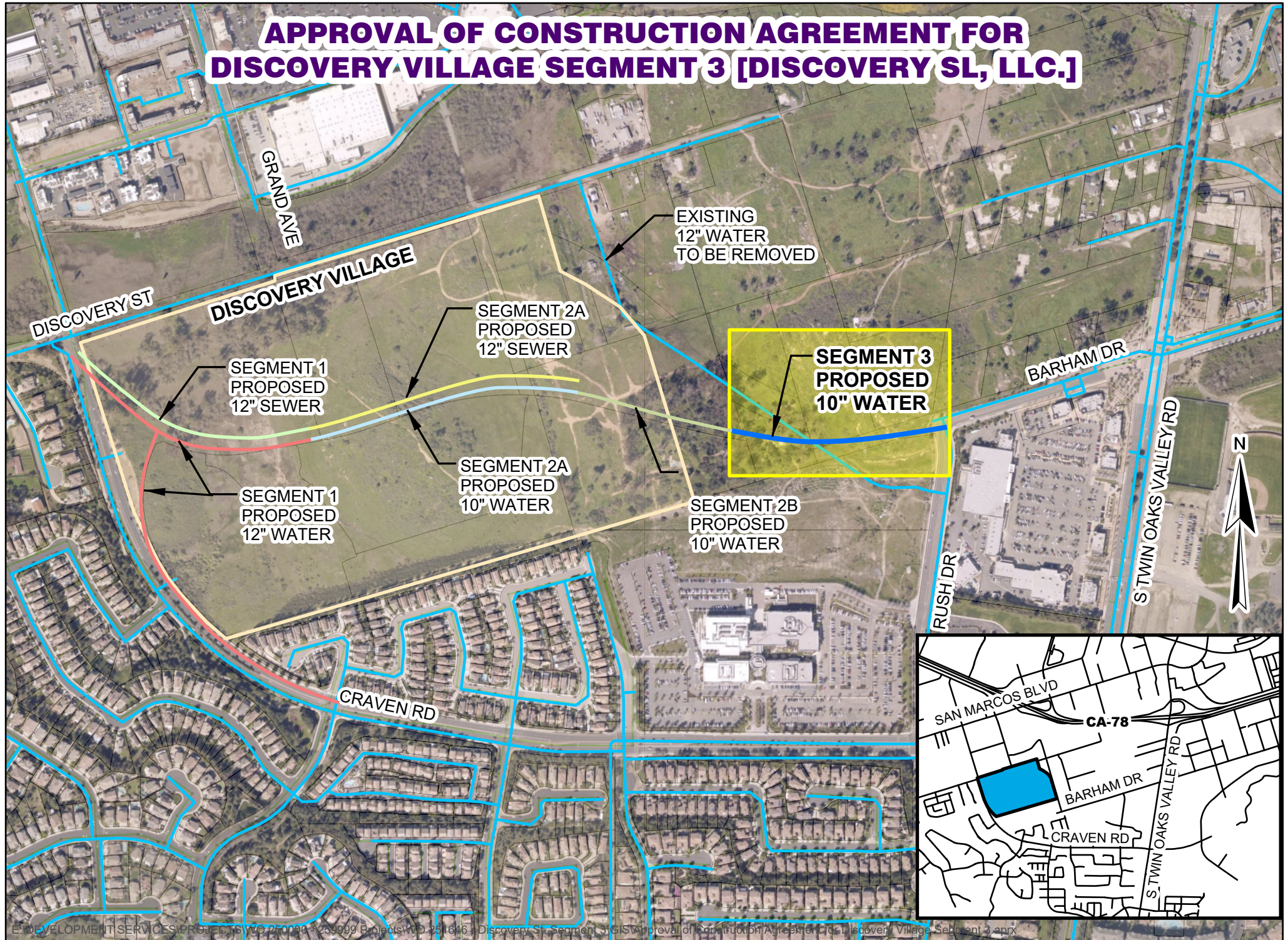
RECOMMENDATION:

Approve the Construction Agreement for Discovery Village Segment 3 Water Improvements.

ATTACHMENTS:

1 Map Exhibit – 1 Aerial Map
Construction Agreement

APPROVAL OF CONSTRUCTION AGREEMENT FOR DISCOVERY VILLAGE SEGMENT 3 [DISCOVERY SL, LLC.]



**AGREEMENT FOR CONSTRUCTION OF FACILITIES TO BE
DEDICATED TO THE VALLECITOS WATER DISTRICT**

THIS AGREEMENT is entered into on this ___ day of _____, 2022 by and between VALLECITOS WATER DISTRICT (“DISTRICT”), a County Water District organized and operating pursuant to the County Water District Law, California Water Code §§ 30000 et seq., and **DISCOVERY SL, LLC.** (“DEVELOPER”), a Delaware Limited Liability Company.

RECITALS

A. DEVELOPER desires to improve certain real property which lies within the boundaries of the DISTRICT consisting of approximately **5.03** acres commonly described as Tax Assessor's Parcel Nos. **APN(S): 221- 062-49, 221-061-66, 221-142-22 & 221-142-21** (“PROJECT”).

B. DEVELOPER has requested that DISTRICT provide water and/or sewer service to parts of the PROJECT upon payment of applicable fees, construction and installation by DEVELOPER of the water and/or sewer facilities (“FACILITIES”) necessary to serve the PROJECT and acceptance of the FACILITIES by the DISTRICT.

C. DEVELOPER is required to submit plans and specifications for construction of the FACILITIES for review and approval by DISTRICT. The plans and specifications have been prepared by **Hunsaker and Associates – 9707 Waples Street San Diego, CA 92121** and are identified as **Discovery Street Segment 3 Improvements WO# 251646**. DEVELOPER shall construct the FACILITIES pursuant to the approved plans and specifications which shall include DISTRICT's standard specifications and applicable special provisions. DEVELOPER shall comply with all terms of this Agreement. All work covered by this Agreement shall be completed on or before _____, **2023**. In the event work is not completed by that date, this AGREEMENT shall terminate unless DEVELOPER obtains a written extension from DISTRICT.

AGREEMENT

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. **CONDITIONS PRECEDENT TO EXECUTION OF AGREEMENT.** Each of the following items is an express condition precedent to the obligation of the DISTRICT to execute this Agreement:

- 1.1 **FEES AND CHARGES.** DEVELOPER shall pay all fees and charges due as established by the DISTRICT in its discretion from time to time. All Capital Facility and Connection fees are non-refundable.
- 1.2 **ENVIRONMENTAL REVIEW.** DEVELOPER shall provide the DISTRICT with all environmental documents previously utilized to obtain approvals for the PROJECT. In the event that the DISTRICT determines additional environmental review is necessary, all fees and costs to prepare this additional environmental review shall be borne solely by the DEVELOPER.
- 1.3 **APPROVED PLANS AND SPECIFICATIONS.** DEVELOPER shall prepare and submit to the DISTRICT a set of plans and specifications for the FACILITIES. The plans and specifications for the FACILITIES include DISTRICT's standard specifications and applicable special provisions and are incorporated herein by reference as if set forth in full. Approval of these plans and specifications by the DISTRICT shall be a condition precedent to the obligations of the DISTRICT to execute this Agreement. Approval of these plans and specifications by the DISTRICT shall not relieve the DEVELOPER of liability for any improper design or construction of the FACILITIES.
- 1.4 **CHANGES TO PLANS AND SPECIFICATIONS.** DISTRICT, without liability to DISTRICT, DISTRICT's engineer and their consultants, and each of their directors, officers, employees, and agents, may require such changes, alterations, or additions to the plans and specifications which do not exceed ten percent (10%) of the original DISTRICT estimated cost

of the work as may be determined necessary or desirable by DISTRICT in its sole discretion, including those necessary due to errors or omissions in the approved plans or specifications. Changes, alterations, or additions without said 10% limitation may be made for unforeseen conditions such as rock excavation, unstable soil conditions, or high water tables requiring dewatering.

2. COMMERCIAL GENERAL LIABILITY AND AUTOMOBILE LIABILITY INSURANCE. Prior to construction of FACILITIES under this Agreement, the DEVELOPER shall provide and maintain the following commercial general liability and automobile liability insurance:

2.1 COVERAGE. Coverage for commercial general liability and automobile liability insurance shall be at least as broad as the following:

- A. Insurance Services Office (ISO) Commercial General Liability Coverage (Occurrence Form CG 0001);
- B. Insurance Services Office (ISO) Business Auto Coverage (Form CA 0001), covering Symbol 1 (any auto).

2.2 LIMITS. The DEVELOPER shall maintain limits no less than the following:

- A. General Liability - One million dollars (\$1,000,000) per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit or products-completed operations aggregate limit is used, either the general aggregate limit shall apply separately to the project/location (with the ISO CG 2503, or ISO CG 2504, or insurer's equivalent endorsement provided to DISTRICT) or the general aggregate limit and products-completed operations aggregate limit shall be twice the required occurrence limit.
- B. Automobile Liability - One million dollars (\$1,000,000) per occurrence for bodily injury and property damage each accident limit.

2.3 REQUIRED PROVISIONS. The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

- A. DISTRICT, its directors, officers, employees, and authorized volunteers are to be given additional insured status (using ISO endorsement forms CG 20 10 10 01 and 20 37 10 01, or endorsements providing the exact same coverage) as respects: liability arising out of activities performed by or on behalf of the DEVELOPER; products and completed operations of the DEVELOPER; premises owned, occupied or used by the DEVELOPER; and automobiles owned, leased, hired or borrowed by the DEVELOPER. The coverage shall contain no special limitations on the scope of protection afforded to DISTRICT, its directors, officers, employees, or authorized volunteers.
- B. For any claims related to this project, the DEVELOPER's insurance shall be primary insurance as respects DISTRICT, its directors, officers, employees, or authorized volunteers. Any insurance, self-insurance, or other coverage maintained by DISTRICT, its directors, officers, employees, or authorized volunteers shall not contribute to it.
- C. Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to DISTRICT, its directors, officers, employees, or authorized volunteers.
- D. The DEVELOPER's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- E. Each insurance policy required by this agreement shall state, or be endorsed to state, that coverage shall not be canceled by the insurance carrier or the DEVELOPER, except after thirty (30) days (10 days for non-payment of premium) prior written notice by U.S. mail has been given to DISTRICT.

- F. Such liability insurance shall indemnify the DEVELOPER and its sub-developers against loss from liability imposed by law upon, or assumed under contract by, the DEVELOPER or its sub-developers for damages on account of such bodily injury (including death), property damage, personal injury, completed operations, and products liability.
- G. The general liability policy shall cover bodily injury and property damage liability, owned and non-owned equipment, blanket contractual liability, completed operations liability, explosion, collapse, underground excavation, and removal of lateral support. Additionally, the automobile liability policy shall cover all owned, non-owned, and hired automobiles.
- H. All of the insurance shall be provided on policy forms and through companies satisfactory to DISTRICT.

3. DEDUCTIBLES AND SELF-INSURED RETENTIONS. Any deductible or self-insured retention must be declared to and approved by DISTRICT. At the option of DISTRICT, the insurer shall either reduce or eliminate such deductibles or self-insured retentions.

4. ACCEPTABILITY OF INSURANCE. All insurance required hereunder is to be placed with insurers having a current A.M. Best rating of no less than A-:VII or equivalent or as otherwise approved by DISTRICT.

5. WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY INSURANCE. The DEVELOPER and all sub-developers shall insure (or be a qualified self-insured) under the applicable laws relating to workers' compensation insurance, all of their employees working on or about the construction site, in accordance with the "Workers' Compensation and Insurance Act", Division IV of the Labor Code of the State of California and any Acts amendatory thereof. The DEVELOPER shall provide employer's liability insurance with limits of no less than \$1,000,000 each accident, \$1,000,000 disease policy limit, and \$1,000,000 disease each employee.

5.1 Labor Certification. By its signature hereunder, DEVELOPER certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with

the provisions of that Code. DEVELOPER agrees to comply with such provisions and to require its consultants and contractors to comply with such provisions before commencing any work on the FACILITIES

6. RESPONSIBILITY FOR WORK. Until the completion and final acceptance by DISTRICT of all the work under and implied by this agreement, the work shall be under the DEVELOPER's responsible care and charge. The DEVELOPER shall rebuild, repair, restore and make good all injuries, damages, re-erections, and repairs occasioned or rendered necessary by causes of any nature whatsoever.

7. EVIDENCE OF INSURANCE. Prior to construction of FACILITIES under this Agreement, the DEVELOPER shall file with DISTRICT a certificate of insurance (Accord Form 25-S or equivalent) signed by the insurer's representative evidencing the coverage required by this agreement. Such evidence shall include an additional insured endorsement and evidence of waiver of rights of subrogation against DISTRICT. If umbrella or excess liability coverage is used to meet any required limit(s) specified herein, DEVELOPER shall provide a "follow form" endorsement satisfactory to DISTRICT indicating that such coverage is subject to the same terms and conditions as the underlying liability policy. Such evidence shall also include confirmation that coverage includes or has been modified to include **Required Provisions**, A-E. The DEVELOPER shall, upon demand of DISTRICT, deliver to DISTRICT such policy or policies of insurance and the receipts for payment of premiums thereon.

8. CONTINUATION OF COVERAGE. If any of the required coverage expires during the term of this agreement, the DEVELOPER shall deliver the renewal certificate(s) including the general liability additional insured endorsement and evidence of waiver of rights of subrogation against DISTRICT (if builder's risk insurance is applicable) to DISTRICT at least ten (10) days prior to the expiration date.

9. SUB-DEVELOPERS. In the event that the DEVELOPER employs other developers (sub-developers) as part of the work covered by this agreement, it shall be the DEVELOPER's responsibility to require and confirm that each sub-developer meets the minimum insurance requirements specified above.

10. SECURITY. Upon execution of this Agreement and prior to Board approval, DEVELOPER shall provide the DISTRICT with a payment bond and a performance bond, each in the amount of **\$ 190,742.49**. Each payment and performance bond shall represent 100% of

the estimated construction costs of the FACILITIES. Bonds shall be furnished by an admitted surety insurer, as defined in Code of Civil Procedure section 995.120, authorized to do business in the State of California and satisfactory to the DISTRICT.

If at any time a surety on any such bond is declared as bankrupt or loses its right to do business in the state of California for any reason, DEVELOPER shall, within ten (10) days after notice from the DISTRICT, substitute acceptable bonds in such form and sum and signed by such other surety or sureties as may be satisfactory to the DISTRICT in its sole discretion. The premium on such bonds shall be paid by the DEVELOPER.

In the event the PROJECT is sold, transferred or assigned the performance and payment bonds shall remain in effect unless new bonds acceptable to the DISTRICT have been provided.

The performance and the payment bonds must remain in effect throughout the period for performance of the work until the work is accepted by formal action of the Board of Directors of the DISTRICT.

In lieu of providing these performance and payment bonds and subject to the DISTRICT's approval, DEVELOPER may provide the DISTRICT with a cash deposit to replace either or both of these bonds, or may provide the DISTRICT with an Instrument of Credit, or Irrevocable Letter of Credit on a form acceptable to the DISTRICT. No substitution or modification of the DISTRICT's standard Instrument of Credit or Irrevocable Letter of Credit shall be accepted without approval of the DISTRICT.

11. DEVELOPER'S FAILURE TO PROVIDE INSURANCE OR BONDS. In the event any insurance or security provided to the DISTRICT in accordance with this Agreement is terminated or canceled for any reason, or is limited in the scope of coverage required by this Agreement, DEVELOPER shall have thirty (30) consecutive days from written notice from DISTRICT to procure the required insurance or security. The failure of DEVELOPER to present alternative insurance or security acceptable to DISTRICT within this thirty- (30-) day period shall constitute a material breach of this Agreement entitling the DISTRICT to unilaterally terminate this Agreement or sue DEVELOPER for damages at the election of the DISTRICT.

12. EASEMENTS. Prior to execution of this Agreement, DEVELOPER shall provide DISTRICT with a current preliminary title report issued within the last 90 days covering all properties in which easements are to be granted to the DISTRICT. The cost of the preliminary

title report shall be borne solely by DEVELOPER. DEVELOPER shall provide the DISTRICT with such easements as the DISTRICT may require, as determined by the DISTRICT in its sole discretion. All easements to be conveyed to the DISTRICT shall be prepared on the DISTRICT's standard form easements. All easements shall: (1) be of a width satisfactory to DISTRICT, in no case less than twenty (20) feet without specified approval of the Board of Directors; (2) be free and clear of all liens and/or encumbrances which could affect title to the easement; and (3) have recorded subordination agreements for all trust deeds or other liens to insure that the DISTRICT has prior rights in any easements being conveyed to the DISTRICT. DEVELOPER shall procure a policy of title insurance in favor of the DISTRICT covering easements to be granted in amounts determined by the DISTRICT subject only to those conditions of record acceptable to the DISTRICT. All fees and costs to procure easements required by the DISTRICT shall be borne solely by DEVELOPER. Nothing in this Agreement shall obligate the DISTRICT to exercise its condemnation authorities to acquire any easement determined necessary by the DISTRICT. All easements being conveyed to the DISTRICT must be in a recordable form acceptable to the DISTRICT prior to approval of plans and specifications by the DISTRICT.

13. QUALIFIED SERVICE COMMITMENT. Nothing in this Agreement is intended to limit the power of the DISTRICT to restrict the use of water as provided by California Water Code §§ 350 et seq., and §§ 31026 et seq. DEVELOPER is advised and understands that the ability of the DISTRICT to provide water service to the PROJECT is dependent upon the continuing availability of water imported to the DISTRICT from other agencies. In the event of a water shortage, threatened water shortage, or an emergency, water service to DEVELOPER's project may not be available or may be curtailed or restricted. Consequently, the DISTRICT cannot guarantee that water will be available at the time service is requested. The declaration of a water shortage, threatened water shortage or emergency shall be exercised in the sole discretion of the DISTRICT. DEVELOPER agrees that the DISTRICT shall not be liable for any damages, costs, fees, or expenses of any kind, caused by any curtailment, restriction, or termination of potable water service determined necessary by the DISTRICT.

14. CONSTRUCTION OF FACILITIES. DEVELOPER shall not commence construction of any FACILITIES required by this Agreement until DEVELOPER has received written authorization from the DISTRICT to proceed. All work performed on the FACILITIES shall be: (1) done in strict compliance with the approved plans and specifications; (2) in a good

and workmanlike manner as determined by the DISTRICT in its sole discretion; and (3) in accordance with DISTRICT's current published standards and criteria for projects and standards and criteria which may be required by DISTRICT at any time, whether published or not, in the District's sole discretion. All work performed on the FACILITIES by DEVELOPER shall be subject to inspection by the DISTRICT's designated representatives and DEVELOPER shall comply with all instructions given by the DISTRICT's representative during construction of the work. All fees and costs to construct the FACILITIES shall be borne by DEVELOPER.

15. COMPLIANCE WITH APPLICABLE LAW. DEVELOPER shall insure that all work performed on the project is performed in a manner which complies with all applicable federal and state laws and all county and local government rules and regulations, including all rules and regulations of DISTRICT, as these rules and regulations may be modified or changed from time to time. DEVELOPER shall be solely responsible for obtaining and paying for all permits, licenses and approvals necessary to construct the FACILITIES. DEVELOPER shall provide verification that permits, licenses and approvals have been obtained promptly upon demand from DISTRICT. As a material part of this Agreement, DEVELOPER agrees to assume all risk of liability arising from non-compliance with applicable federal, state, county, and local government rules and regulations, including all rules and regulations of the DISTRICT

16. CALIFORNIA LABOR CODE REQUIREMENTS.

16.1 DEVELOPER is aware of the requirements of California Labor Code Sections 1720 et seq. and 1770 et seq. ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on certain "public works" projects. If the requirements of this Agreement are performed as part of an applicable "public works" project, as defined by the Prevailing Wage Laws, DEVELOPER agrees to fully comply with such Prevailing Wage Laws, if applicable. DEVELOPER shall defend, indemnify and hold the DISTRICT and its officials, officers, employees and agents free and harmless from any claims, liabilities, costs, penalties or interest arising from any failure or alleged failure to comply with the Prevailing Wage Laws. It shall be mandatory upon the DEVELOPER and DEVELOPER's contractor and all subcontractors to comply with all California Labor Code provisions, which include but are

not limited to prevailing wages, employment of apprentices, hours of labor and debarment of contractors and subcontractors.

16.2 If the work is being performed as part of an applicable “public works” or “maintenance” project, in addition to the foregoing, then pursuant to Labor Code Sections 1725.5 and 1771.1, DEVELOPER’s contractor and all subcontractors must be registered with the Department of Industrial Relations (“DIR”). DEVELOPER’s contractor shall maintain registration for the duration of the project and require the same of any subcontractors. This project may also be subject to compliance monitoring and enforcement by the DIR. It shall be DEVELOPER’s sole responsibility to comply with all applicable registration and labor compliance requirements including the submission of payroll records directly to the DIR.

17. UTILIZATION OF A PORTION OF WORK. DISTRICT shall have the right upon written notification to the DEVELOPER to utilize such portions of the work DISTRICT deems sufficiently complete to be utilized or placed into service.

18. ACCEPTANCE OF WORK. Upon completion of the FACILITIES required by this Agreement to the satisfaction of the DISTRICT, the FACILITIES which have been constructed shall be presented to the Board of Directors of the DISTRICT for dedication and the filing of a Notice of Completion. The DISTRICT shall have no obligation to accept the FACILITIES or file a Notice of Completion if the design and/or construction of the work is not satisfactory to the DISTRICT in its sole discretion. Upon recordation of a Notice of Completion, all right, title, ownership and interest in the FACILITIES shall be deemed to have been transferred to the DISTRICT. DEVELOPER shall not allow any part of PROJECT to be occupied prior to acceptance of FACILITIES by DISTRICT.

19. WATER SERVICE MAINTENANCE AFTER ACCEPTANCE OF WORK. Due to the uncertainty of prompt sale/construction/occupancy of the project’s lots and based on the need to provide adequate flow to residences, DEVELOPER shall be responsible for periodic flushing of the services within the subdivision until such time as the subdivision is sold. The DISTRICT and DEVELOPER will cooperate to provide manpower and schedule work.

20. LIABILITY FOR WORK PRIOR TO FORMAL ACCEPTANCE. Until the Board of Directors of the DISTRICT has formally accepted all work performed in accordance with this

Agreement, DEVELOPER shall be solely responsible for all damage to the work regardless of cause and for all damages or injuries to any person or property from any cause excepting injury or damage caused by the sole or active negligence of DISTRICT, its agents, or employees.

21. LIABILITY AFTER ACCEPTANCE OF WORK. After the Board of Directors of the DISTRICT has accepted the FACILITIES by formal action of the Board, DEVELOPER and DEVELOPER's successors in interest shall remain liable for all injuries or damage to persons or property including damage to the work itself, arising from or related to design or construction of the FACILITIES to the fullest extent permitted by California law.

22. RELEASE OF SECURITY. Forty (40) days after the Notice of Completion has been filed by the DISTRICT, the DISTRICT shall release any security previously provided by DEVELOPER, as long as no claims have been filed. The security shall not be released until the DISTRICT has received a warranty bond or alternative security acceptable to the DISTRICT covering 25% of the original performance bond or alternative security amount. DISTRICT must have a warranty bond prior to Board acceptance of the project. This new security shall remain in effect for the full duration of the one-year warranty period, which commences upon final Board Acceptance, and until DEVELOPER has corrected all defects noted by the DISTRICT during the warranty period.

23. WARRANTY. DEVELOPER shall and hereby does guarantee all work and materials for the FACILITIES to be free from all defects due to faulty materials or workmanship for a period of one (1) year after the date of acceptance of the work by the DISTRICT. The DEVELOPER shall repair or remove and replace any and all such work, together with any other work which may be displaced in so doing, that is found to be defective in workmanship and/or materials within said one-year period without expense whatsoever to the DISTRICT, ordinary wear and tear and unusual abuse or neglect excepted. In the event DEVELOPER fails to comply with the above-mentioned conditions within one (1) week after being notified in writing, the DISTRICT is authorized to proceed to have the defects remedied and made good at the expense of DEVELOPER who agrees to pay the cost and charges therefore immediately upon demand. Such action by the DISTRICT will not relieve the DEVELOPER of the guarantee required by this section. This section does not in any way limit liability of the DEVELOPER for any design defects or defects in the work subsequently discovered by the DISTRICT.

24. INDEMNITY. DEVELOPER shall be solely responsible and liable for design defects or defects in work performed to construct the FACILITIES required by this Agreement. This shall include liability and responsibility for injury or damage to the work itself. To the fullest extent permitted by law, DEVELOPER shall defend, indemnify and hold the DISTRICT, the DISTRICT's representatives and each of the DISTRICT's officers, employees and agents free and harmless from any and all claims, liabilities, losses, costs, expenses, damages, or injuries to property or persons, including wrongful death, (collectively, "Claims") in any manner arising out of or incident to any acts, omissions or willful misconduct of DEVELOPER, its officials, officers, employees, agents, consultants and contractors resulting from the design or construction of the FACILITIES, except where the Claim has been caused by the sole and active negligence of the DISTRICT. In the event that any suit is instituted naming the DISTRICT as a party, the DISTRICT shall be entitled to appoint its own independent counsel to represent the DISTRICT; and DEVELOPER agrees to pay all attorney's fees and litigation costs associated with this defense. This indemnity shall extend to any claims arising because DEVELOPER has failed to properly secure any necessary easement, land right, contract or approval.

25. AS-BUILT DRAWINGS. Prior to acceptance of the work by DISTRICT, DEVELOPER shall provide the DISTRICT with two (2) blueprint copies of "as-built" drawings. Upon approval of the mylar copies the DISTRICT will require a bonded mylar or original drawing, disk and certification by a licensed engineer in the state of California as to the accuracy and completeness of the "as-built" drawings. DEVELOPER shall be solely responsible and liable for insuring the completeness and accuracy of these as-built drawings.

26. CASH DEPOSITS. DEVELOPER shall provide the DISTRICT with an initial cash deposit in the amount of **\$ 24,706.00** to cover all DISTRICT fees and costs associated with the FACILITIES. When this deposit has been drawn down to **\$ 1,500.00**, DEVELOPER agrees to deposit such additional sums as the DISTRICT may determine from time to time to cover all fees and costs of the DISTRICT. Prior to final acceptance of the project, a final accounting will be forwarded to the DEVELOPER for payment. Additional deposits for additional inspections after acceptance of the project may be requested.

27. MISCELLANEOUS PROVISIONS.

27.1 NOTICES. All notices required pursuant to this Agreement shall be deemed effective upon receipt when personally served or when sent certified mail, return receipt requested to the following addresses:

DISTRICT:

[VALLECITOS WATER DISTRICT
ATTN: GLENN PRUIM – G.M.
201 VALLECITOS DE ORO
SAN MARCOS, CA 92069]

DEVELOPER:

[DISCOVERY SL, LLC.
ATTN: JOHN VANCE
9990 MESA RIM ROAD SUITE 200
SAN DIEGO, CA 92121]

GOVERNING LAW AND VENUE. This Agreement shall be governed by the laws of the State of California. In the event of any legal or equitable proceeding to enforce or interpret the terms or conditions of this Agreement, the parties agree that venue shall lie only in the federal or state courts in or nearest to the North County Judicial District, County of San Diego, State of California.

27.2 MODIFICATION. This Agreement may not be altered in whole or in part except by a modification, in writing, executed by all the parties to this Agreement.

27.3 ATTORNEY'S FEES. In the event of any legal or equitable proceeding to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to all reasonable attorney's fees and costs in addition to any other relief granted by law. This provision shall apply to the entire Agreement.

27.4 ENTIRE AGREEMENT. This Agreement, together with all the exhibits attached to this Agreement, contains all representations and the entire understanding between the parties with respect to the subject matter of this Agreement. Any prior correspondence, memoranda or agreements are in conflict with this Agreement are intended to be replaced in total by this Agreement and its exhibits.

- 27.5 ASSIGNMENTS.** DEVELOPER shall not be entitled to assign all or any portion of its rights or obligations contained in this Agreement without obtaining the prior consent of the DISTRICT, which consent shall not be unreasonably withheld. Any purported assignment without the DISTRICT's prior written consent shall be void.
- 27.6 BINDING EFFECT.** This Agreement shall inure to the benefit of and be binding upon the parties and their respective purchasers, successors, heirs and assigns.
- 27.7 UNENFORCEABLE PROVISIONS.** The terms, conditions and covenants of this Agreement shall be construed whenever possible as consistent with all applicable laws and regulations. To the extent that any provision of this Agreement, as so interpreted, is held to violate any applicable law or regulation, the remaining provisions shall nevertheless be carried into full force and effect and remain enforceable.
- 27.8 REPRESENTATION OF CAPACITY TO CONTRACT.** Each of the parties to this Agreement represents and warrants that he has the authority to execute this Agreement on behalf of the entity represented by that individual.
- 27.9 OPPORTUNITY TO BE REPRESENTED BY INDEPENDENT COUNSEL.** DEVELOPER warrants and represents that DEVELOPER has been advised to consult independent legal counsel of its own choosing and has had a reasonable opportunity to do so prior to executing this Agreement.
- 27.10 NO WAIVER.** The failure of either party to enforce any term, covenant or condition of this Agreement on the date it is to be performed shall not be construed as a waiver of that party's right to enforce this, or any other, term, covenant or condition of this Agreement at any later date or as a waiver of any term, covenant or condition of this Agreement.
- 27.11 COUNTERPARTS.** This Agreement may be signed in counterparts, each of which shall constitute an original.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

[SIGNATURES ON FOLLOWING PAGE]

**AGREEMENT FOR CONSTRUCTION OF FACILITIES TO BE
DEDICATED TO THE VALLECITOS WATER DISTRICT**

SIGNATURE PAGE

“DISTRICT” VALLECITOS WATER DISTRICT	
By: _____ Glenn Pruum, Secretary Board of Directors Vallecitos Water District	Dated: _____

“DEVELOPER”	
Name: _____	
Title: _____	
Company: <u>DISCOVERY SL, LLC.</u>	
Signature*: _____	Dated: _____

*Acknowledgment of the signature(s) of authorized representative(s) of DEVELOPER executing this Construction Agreement, by a Notary Public, is required. Attach acknowledgment to this page.

DATE: APRIL 20, 2022
TO: BOARD OF DIRECTORS
SUBJECT: APPROVAL OF CONSTRUCTION AGREEMENT FOR HIGH POINT WATER MAIN REPLACEMENT PHASE 1 (TTLC CALWEST, LLC.)

BACKGROUND:

TTLC CALWEST, LLC., (Calwest) owner of the project, has completed the plan check process with the District. The project is located near Palos Vista Reservoir, north of Borden Road, west of Interstate 15 within the City of Escondido.

The High Point Development project was originally approved by the Board of Directors in 2006 but the project went bankrupt, and construction ceased at the site in 2007. Facilities constructed were abandoned and never accepted by the Board.

Calwest purchased the site and has completed a corrosion assessment of the existing ductile iron pipe (DIP), which resulted in a recommendation for the complete replacement of the water mains installed by the previous owner in 2007.

DISCUSSION:

A Construction Agreement is typically entered into between a developer and the District to ensure that the required public facilities are constructed to support the demands of the development.

The project associated with the Construction Agreement will remove existing DIP water mains and construct approximately 4,372 feet of 12-inch diameter polyvinyl chloride (PVC) water main and 2,655 feet of 8-inch diameter PVC water main.

The project will have two phases upon completion of the water facilities. Water service will be available to 27 single family homes for Phase 1 and 11 single family homes for Phase 2.

All engineering inspection fees, and deposits have been paid prior to Board approval of the Construction Agreement. Water capital facility fees are due and payable prior to issuance of the final building inspection and/or utility release per Resolution No. 1441. Based on the current fees this will total \$806,740.00 for water capital facility fees.

The owner has submitted standard surety bonds to guarantee completion of the project. The following bond amounts have been reviewed and approved by staff:

Labor and Materials	\$2,026,527.70
Faithful Performance	\$2,026,527.70

FISCAL IMPACT:

None. Future water revenues will offset costs of service.

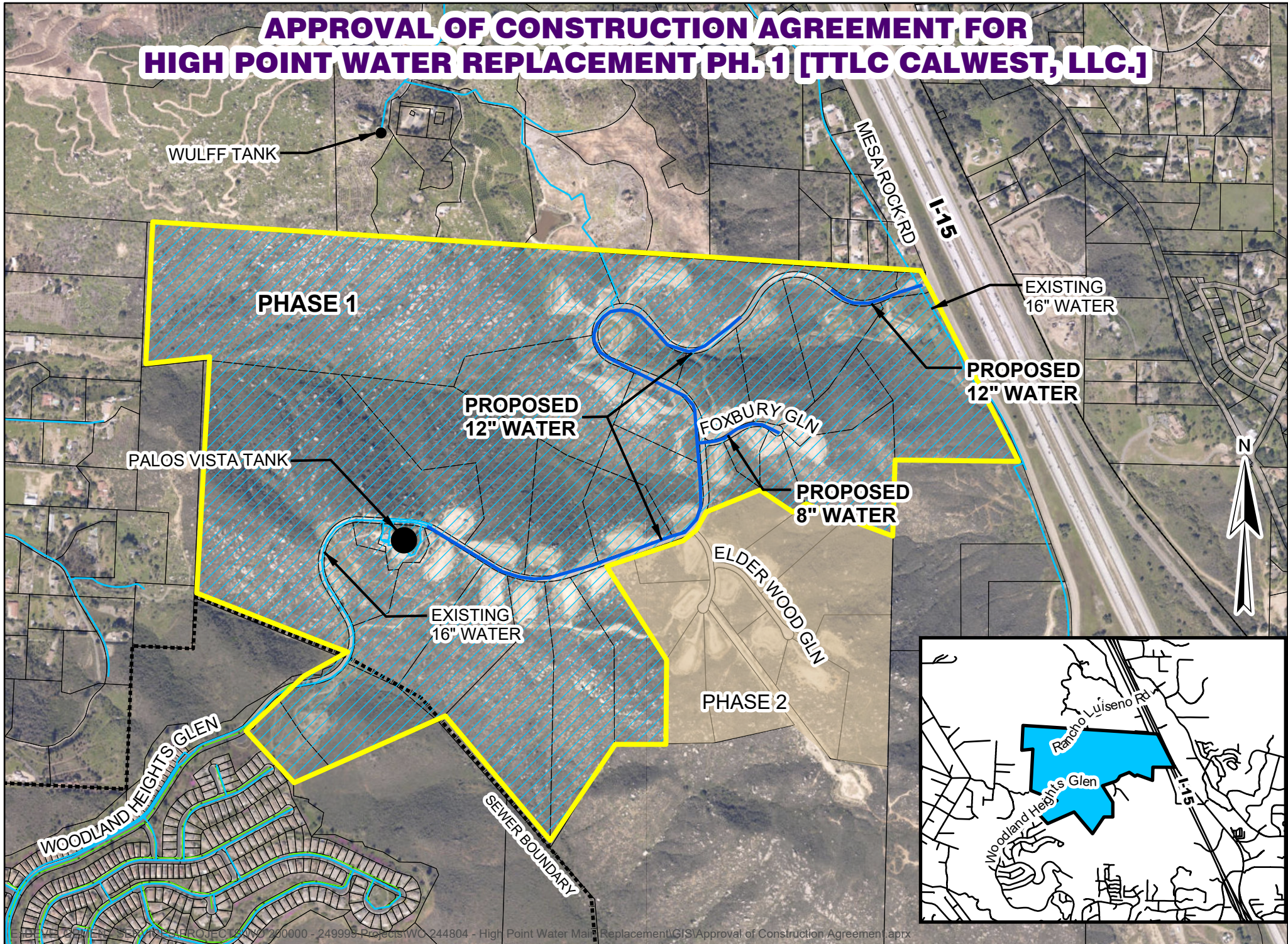
RECOMMENDATION:

Approve the Construction Agreement for High Point Water Main Replacement Phase 1.

ATTACHMENTS:

1 Map Exhibit – 1 Aerial Map
Construction Agreement

APPROVAL OF CONSTRUCTION AGREEMENT FOR HIGH POINT WATER REPLACEMENT PH. 1 [TTLC CALWEST, LLC.]



**AGREEMENT FOR CONSTRUCTION OF FACILITIES TO BE
DEDICATED TO THE VALLECITOS WATER DISTRICT**

THIS AGREEMENT is entered into on this ___ day of _____, 2022 by and between VALLECITOS WATER DISTRICT (“DISTRICT”), a County Water District organized and operating pursuant to the County Water District Law, California Water Code §§ 30000 et seq., and **TTLIC CALWEST, LLC.** (“DEVELOPER”), a California Limited Liability Company.

RECITALS

A. DEVELOPER desires to improve certain real property which lies within the boundaries of the DISTRICT consisting of approximately **467** acres commonly described as Tax Assessor's Parcel Nos. **187-091-16 THROUGH 187-091-35 & 187-090-38 THROUGH 187-090-45** (“PROJECT”).

B. DEVELOPER has requested that DISTRICT provide water and/or sewer service to parts of the PROJECT upon payment of applicable fees, construction and installation by DEVELOPER of the water and/or sewer facilities (“FACILITIES”) necessary to serve the PROJECT and acceptance of the FACILITIES by the DISTRICT.

C. DEVELOPER is required to submit plans and specifications for construction of the FACILITIES for review and approval by DISTRICT. The plans and specifications have been prepared by **HUNSAKER & ASSOCIATES – 9707 WAPLES ST. SAN DIEGO, CA 92121** and are identified as **HIGH POINT WATER MAIN REPLACEMENT PLANS PHASE 1 VWD WO# 244804**. DEVELOPER shall construct the FACILITIES pursuant to the approved plans and specifications which shall include DISTRICT's standard specifications and applicable special provisions. DEVELOPER shall comply with all terms of this Agreement. All work covered by this Agreement shall be completed on or before _____, 2024. In the event work is not completed by that date, this AGREEMENT shall terminate unless DEVELOPER obtains a written extension from DISTRICT.

AGREEMENT

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. **CONDITIONS PRECEDENT TO EXECUTION OF AGREEMENT.** Each of the following items is an express condition precedent to the obligation of the DISTRICT to execute this Agreement:

- 1.1 **FEES AND CHARGES.** DEVELOPER shall pay all fees and charges due as established by the DISTRICT in its discretion from time to time. All Capital Facility and Connection fees are non-refundable.
- 1.2 **ENVIRONMENTAL REVIEW.** DEVELOPER shall provide the DISTRICT with all environmental documents previously utilized to obtain approvals for the PROJECT. In the event that the DISTRICT determines additional environmental review is necessary, all fees and costs to prepare this additional environmental review shall be borne solely by the DEVELOPER.
- 1.3 **APPROVED PLANS AND SPECIFICATIONS.** DEVELOPER shall prepare and submit to the DISTRICT a set of plans and specifications for the FACILITIES. The plans and specifications for the FACILITIES include DISTRICT's standard specifications and applicable special provisions and are incorporated herein by reference as if set forth in full. Approval of these plans and specifications by the DISTRICT shall be a condition precedent to the obligations of the DISTRICT to execute this Agreement. Approval of these plans and specifications by the DISTRICT shall not relieve the DEVELOPER of liability for any improper design or construction of the FACILITIES.
- 1.4 **CHANGES TO PLANS AND SPECIFICATIONS.** DISTRICT, without liability to DISTRICT, DISTRICT's engineer and their consultants, and each of their directors, officers, employees, and agents, may require such changes, alterations, or additions to the plans and specifications which do not exceed ten percent (10%) of the original DISTRICT estimated cost

of the work as may be determined necessary or desirable by DISTRICT in its sole discretion, including those necessary due to errors or omissions in the approved plans or specifications. Changes, alterations, or additions without said 10% limitation may be made for unforeseen conditions such as rock excavation, unstable soil conditions, or high water tables requiring dewatering.

2. COMMERCIAL GENERAL LIABILITY AND AUTOMOBILE LIABILITY INSURANCE. Prior to construction of FACILITIES under this Agreement, the DEVELOPER shall provide and maintain the following commercial general liability and automobile liability insurance:

2.1 COVERAGE. Coverage for commercial general liability and automobile liability insurance shall be at least as broad as the following:

- A. Insurance Services Office (ISO) Commercial General Liability Coverage (Occurrence Form CG 0001);
- B. Insurance Services Office (ISO) Business Auto Coverage (Form CA 0001), covering Symbol 1 (any auto).

2.2 LIMITS. The DEVELOPER shall maintain limits no less than the following:

- A. General Liability - One million dollars (\$1,000,000) per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit or products-completed operations aggregate limit is used, either the general aggregate limit shall apply separately to the project/location (with the ISO CG 2503, or ISO CG 2504, or insurer's equivalent endorsement provided to DISTRICT) or the general aggregate limit and products-completed operations aggregate limit shall be twice the required occurrence limit.
- B. Automobile Liability - One million dollars (\$1,000,000) per occurrence for bodily injury and property damage each accident limit.

2.3 REQUIRED PROVISIONS. The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

- A. DISTRICT, its directors, officers, employees, and authorized volunteers are to be given additional insured status (using ISO endorsement forms CG 20 10 10 01 and 20 37 10 01, or endorsements providing the exact same coverage) as respects: liability arising out of activities performed by or on behalf of the DEVELOPER; products and completed operations of the DEVELOPER; premises owned, occupied or used by the DEVELOPER; and automobiles owned, leased, hired or borrowed by the DEVELOPER. The coverage shall contain no special limitations on the scope of protection afforded to DISTRICT, its directors, officers, employees, or authorized volunteers.
- B. For any claims related to this project, the DEVELOPER's insurance shall be primary insurance as respects DISTRICT, its directors, officers, employees, or authorized volunteers. Any insurance, self-insurance, or other coverage maintained by DISTRICT, its directors, officers, employees, or authorized volunteers shall not contribute to it.
- C. Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to DISTRICT, its directors, officers, employees, or authorized volunteers.
- D. The DEVELOPER's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- E. Each insurance policy required by this agreement shall state, or be endorsed to state, that coverage shall not be canceled by the insurance carrier or the DEVELOPER, except after thirty (30) days (10 days for non-payment of premium) prior written notice by U.S. mail has been given to DISTRICT.

- F. Such liability insurance shall indemnify the DEVELOPER and its sub-developers against loss from liability imposed by law upon, or assumed under contract by, the DEVELOPER or its sub-developers for damages on account of such bodily injury (including death), property damage, personal injury, completed operations, and products liability.
- G. The general liability policy shall cover bodily injury and property damage liability, owned and non-owned equipment, blanket contractual liability, completed operations liability, explosion, collapse, underground excavation, and removal of lateral support. Additionally, the automobile liability policy shall cover all owned, non-owned, and hired automobiles.
- H. All of the insurance shall be provided on policy forms and through companies satisfactory to DISTRICT.

3. DEDUCTIBLES AND SELF-INSURED RETENTIONS. Any deductible or self-insured retention must be declared to and approved by DISTRICT. At the option of DISTRICT, the insurer shall either reduce or eliminate such deductibles or self-insured retentions.

4. ACCEPTABILITY OF INSURANCE. All insurance required hereunder is to be placed with insurers having a current A.M. Best rating of no less than A-:VII or equivalent or as otherwise approved by DISTRICT.

5. WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY INSURANCE. The DEVELOPER and all sub-developers shall insure (or be a qualified self-insured) under the applicable laws relating to workers' compensation insurance, all of their employees working on or about the construction site, in accordance with the "Workers' Compensation and Insurance Act", Division IV of the Labor Code of the State of California and any Acts amendatory thereof. The DEVELOPER shall provide employer's liability insurance with limits of no less than \$1,000,000 each accident, \$1,000,000 disease policy limit, and \$1,000,000 disease each employee.

5.1 Labor Certification. By its signature hereunder, DEVELOPER certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with

the provisions of that Code. DEVELOPER agrees to comply with such provisions and to require its consultants and contractors to comply with such provisions before commencing any work on the FACILITIES

6. RESPONSIBILITY FOR WORK. Until the completion and final acceptance by DISTRICT of all the work under and implied by this agreement, the work shall be under the DEVELOPER's responsible care and charge. The DEVELOPER shall rebuild, repair, restore and make good all injuries, damages, re-erections, and repairs occasioned or rendered necessary by causes of any nature whatsoever.

7. EVIDENCE OF INSURANCE. Prior to construction of FACILITIES under this Agreement, the DEVELOPER shall file with DISTRICT a certificate of insurance (Accord Form 25-S or equivalent) signed by the insurer's representative evidencing the coverage required by this agreement. Such evidence shall include an additional insured endorsement and evidence of waiver of rights of subrogation against DISTRICT. If umbrella or excess liability coverage is used to meet any required limit(s) specified herein, DEVELOPER shall provide a "follow form" endorsement satisfactory to DISTRICT indicating that such coverage is subject to the same terms and conditions as the underlying liability policy. Such evidence shall also include confirmation that coverage includes or has been modified to include **Required Provisions**, A-E. The DEVELOPER shall, upon demand of DISTRICT, deliver to DISTRICT such policy or policies of insurance and the receipts for payment of premiums thereon.

8. CONTINUATION OF COVERAGE. If any of the required coverage expires during the term of this agreement, the DEVELOPER shall deliver the renewal certificate(s) including the general liability additional insured endorsement and evidence of waiver of rights of subrogation against DISTRICT (if builder's risk insurance is applicable) to DISTRICT at least ten (10) days prior to the expiration date.

9. SUB-DEVELOPERS. In the event that the DEVELOPER employs other developers (sub-developers) as part of the work covered by this agreement, it shall be the DEVELOPER's responsibility to require and confirm that each sub-developer meets the minimum insurance requirements specified above.

10. SECURITY. Upon execution of this Agreement and prior to Board approval, DEVELOPER shall provide the DISTRICT with a payment bond and a performance bond, each in the amount of **\$ 2,017,327.70**. Each payment and performance bond shall represent 100% of

the estimated construction costs of the FACILITIES. Bonds shall be furnished by an admitted surety insurer, as defined in Code of Civil Procedure section 995.120, authorized to do business in the State of California and satisfactory to the DISTRICT.

If at any time a surety on any such bond is declared as bankrupt or loses its right to do business in the state of California for any reason, DEVELOPER shall, within ten (10) days after notice from the DISTRICT, substitute acceptable bonds in such form and sum and signed by such other surety or sureties as may be satisfactory to the DISTRICT in its sole discretion. The premium on such bonds shall be paid by the DEVELOPER.

In the event the PROJECT is sold, transferred or assigned the performance and payment bonds shall remain in effect unless new bonds acceptable to the DISTRICT have been provided.

The performance and the payment bonds must remain in effect throughout the period for performance of the work until the work is accepted by formal action of the Board of Directors of the DISTRICT.

In lieu of providing these performance and payment bonds and subject to the DISTRICT's approval, DEVELOPER may provide the DISTRICT with a cash deposit to replace either or both of these bonds, or may provide the DISTRICT with an Instrument of Credit, or Irrevocable Letter of Credit on a form acceptable to the DISTRICT. No substitution or modification of the DISTRICT's standard Instrument of Credit or Irrevocable Letter of Credit shall be accepted without approval of the DISTRICT.

11. DEVELOPER'S FAILURE TO PROVIDE INSURANCE OR BONDS. In the event any insurance or security provided to the DISTRICT in accordance with this Agreement is terminated or canceled for any reason, or is limited in the scope of coverage required by this Agreement, DEVELOPER shall have thirty (30) consecutive days from written notice from DISTRICT to procure the required insurance or security. The failure of DEVELOPER to present alternative insurance or security acceptable to DISTRICT within this thirty- (30-) day period shall constitute a material breach of this Agreement entitling the DISTRICT to unilaterally terminate this Agreement or sue DEVELOPER for damages at the election of the DISTRICT.

12. EASEMENTS. Prior to execution of this Agreement, DEVELOPER shall provide DISTRICT with a current preliminary title report issued within the last 90 days covering all properties in which easements are to be granted to the DISTRICT. The cost of the preliminary

title report shall be borne solely by DEVELOPER. DEVELOPER shall provide the DISTRICT with such easements as the DISTRICT may require, as determined by the DISTRICT in its sole discretion. All easements to be conveyed to the DISTRICT shall be prepared on the DISTRICT's standard form easements. All easements shall: (1) be of a width satisfactory to DISTRICT, in no case less than twenty (20) feet without specified approval of the Board of Directors; (2) be free and clear of all liens and/or encumbrances which could affect title to the easement; and (3) have recorded subordination agreements for all trust deeds or other liens to insure that the DISTRICT has prior rights in any easements being conveyed to the DISTRICT. DEVELOPER shall procure a policy of title insurance in favor of the DISTRICT covering easements to be granted in amounts determined by the DISTRICT subject only to those conditions of record acceptable to the DISTRICT. All fees and costs to procure easements required by the DISTRICT shall be borne solely by DEVELOPER. Nothing in this Agreement shall obligate the DISTRICT to exercise its condemnation authorities to acquire any easement determined necessary by the DISTRICT. All easements being conveyed to the DISTRICT must be in a recordable form acceptable to the DISTRICT prior to approval of plans and specifications by the DISTRICT.

13. QUALIFIED SERVICE COMMITMENT. Nothing in this Agreement is intended to limit the power of the DISTRICT to restrict the use of water as provided by California Water Code §§ 350 et seq., and §§ 31026 et seq. DEVELOPER is advised and understands that the ability of the DISTRICT to provide water service to the PROJECT is dependent upon the continuing availability of water imported to the DISTRICT from other agencies. In the event of a water shortage, threatened water shortage, or an emergency, water service to DEVELOPER's project may not be available or may be curtailed or restricted. Consequently, the DISTRICT cannot guarantee that water will be available at the time service is requested. The declaration of a water shortage, threatened water shortage or emergency shall be exercised in the sole discretion of the DISTRICT. DEVELOPER agrees that the DISTRICT shall not be liable for any damages, costs, fees, or expenses of any kind, caused by any curtailment, restriction, or termination of potable water service determined necessary by the DISTRICT.

14. CONSTRUCTION OF FACILITIES. DEVELOPER shall not commence construction of any FACILITIES required by this Agreement until DEVELOPER has received written authorization from the DISTRICT to proceed. All work performed on the FACILITIES shall be: (1) done in strict compliance with the approved plans and specifications; (2) in a good

and workmanlike manner as determined by the DISTRICT in its sole discretion; and (3) in accordance with DISTRICT's current published standards and criteria for projects and standards and criteria which may be required by DISTRICT at any time, whether published or not, in the District's sole discretion. All work performed on the FACILITIES by DEVELOPER shall be subject to inspection by the DISTRICT's designated representatives and DEVELOPER shall comply with all instructions given by the DISTRICT's representative during construction of the work. All fees and costs to construct the FACILITIES shall be borne by DEVELOPER.

15. COMPLIANCE WITH APPLICABLE LAW. DEVELOPER shall insure that all work performed on the project is performed in a manner which complies with all applicable federal and state laws and all county and local government rules and regulations, including all rules and regulations of DISTRICT, as these rules and regulations may be modified or changed from time to time. DEVELOPER shall be solely responsible for obtaining and paying for all permits, licenses and approvals necessary to construct the FACILITIES. DEVELOPER shall provide verification that permits, licenses and approvals have been obtained promptly upon demand from DISTRICT. As a material part of this Agreement, DEVELOPER agrees to assume all risk of liability arising from non-compliance with applicable federal, state, county, and local government rules and regulations, including all rules and regulations of the DISTRICT

16. CALIFORNIA LABOR CODE REQUIREMENTS.

16.1 DEVELOPER is aware of the requirements of California Labor Code Sections 1720 et seq. and 1770 et seq. ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on certain "public works" projects. If the requirements of this Agreement are performed as part of an applicable "public works" project, as defined by the Prevailing Wage Laws, DEVELOPER agrees to fully comply with such Prevailing Wage Laws, if applicable. DEVELOPER shall defend, indemnify and hold the DISTRICT and its officials, officers, employees and agents free and harmless from any claims, liabilities, costs, penalties or interest arising from any failure or alleged failure to comply with the Prevailing Wage Laws. It shall be mandatory upon the DEVELOPER and DEVELOPER's contractor and all subcontractors to comply with all California Labor Code provisions, which include but are

not limited to prevailing wages, employment of apprentices, hours of labor and debarment of contractors and subcontractors.

16.2 If the work is being performed as part of an applicable “public works” or “maintenance” project, in addition to the foregoing, then pursuant to Labor Code Sections 1725.5 and 1771.1, DEVELOPER’s contractor and all subcontractors must be registered with the Department of Industrial Relations (“DIR”). DEVELOPER’s contractor shall maintain registration for the duration of the project and require the same of any subcontractors. This project may also be subject to compliance monitoring and enforcement by the DIR. It shall be DEVELOPER’s sole responsibility to comply with all applicable registration and labor compliance requirements including the submission of payroll records directly to the DIR.

17. UTILIZATION OF A PORTION OF WORK. DISTRICT shall have the right upon written notification to the DEVELOPER to utilize such portions of the work DISTRICT deems sufficiently complete to be utilized or placed into service.

18. ACCEPTANCE OF WORK. Upon completion of the FACILITIES required by this Agreement to the satisfaction of the DISTRICT, the FACILITIES which have been constructed shall be presented to the Board of Directors of the DISTRICT for dedication and the filing of a Notice of Completion. The DISTRICT shall have no obligation to accept the FACILITIES or file a Notice of Completion if the design and/or construction of the work is not satisfactory to the DISTRICT in its sole discretion. Upon recordation of a Notice of Completion, all right, title, ownership and interest in the FACILITIES shall be deemed to have been transferred to the DISTRICT. DEVELOPER shall not allow any part of PROJECT to be occupied prior to acceptance of FACILITIES by DISTRICT.

19. WATER SERVICE MAINTENANCE AFTER ACCEPTANCE OF WORK. Due to the uncertainty of prompt sale/construction/occupancy of the project’s lots and based on the need to provide adequate flow to residences, DEVELOPER shall be responsible for periodic flushing of the services within the subdivision until such time as the subdivision is sold. The DISTRICT and DEVELOPER will cooperate to provide manpower and schedule work.

20. LIABILITY FOR WORK PRIOR TO FORMAL ACCEPTANCE. Until the Board of Directors of the DISTRICT has formally accepted all work performed in accordance with this

Agreement, DEVELOPER shall be solely responsible for all damage to the work regardless of cause and for all damages or injuries to any person or property from any cause excepting injury or damage caused by the sole or active negligence of DISTRICT, its agents, or employees.

21. LIABILITY AFTER ACCEPTANCE OF WORK. After the Board of Directors of the DISTRICT has accepted the FACILITIES by formal action of the Board, DEVELOPER and DEVELOPER's successors in interest shall remain liable for all injuries or damage to persons or property including damage to the work itself, arising from or related to design or construction of the FACILITIES to the fullest extent permitted by California law.

22. RELEASE OF SECURITY. Forty (40) days after the Notice of Completion has been filed by the DISTRICT, the DISTRICT shall release any security previously provided by DEVELOPER, as long as no claims have been filed. The security shall not be released until the DISTRICT has received a warranty bond or alternative security acceptable to the DISTRICT covering 25% of the original performance bond or alternative security amount. DISTRICT must have a warranty bond prior to Board acceptance of the project. This new security shall remain in effect for the full duration of the one-year warranty period, which commences upon final Board Acceptance, and until DEVELOPER has corrected all defects noted by the DISTRICT during the warranty period.

23. WARRANTY. DEVELOPER shall and hereby does guarantee all work and materials for the FACILITIES to be free from all defects due to faulty materials or workmanship for a period of one (1) year after the date of acceptance of the work by the DISTRICT. The DEVELOPER shall repair or remove and replace any and all such work, together with any other work which may be displaced in so doing, that is found to be defective in workmanship and/or materials within said one-year period without expense whatsoever to the DISTRICT, ordinary wear and tear and unusual abuse or neglect excepted. In the event DEVELOPER fails to comply with the above-mentioned conditions within one (1) week after being notified in writing, the DISTRICT is authorized to proceed to have the defects remedied and made good at the expense of DEVELOPER who agrees to pay the cost and charges therefore immediately upon demand. Such action by the DISTRICT will not relieve the DEVELOPER of the guarantee required by this section. This section does not in any way limit liability of the DEVELOPER for any design defects or defects in the work subsequently discovered by the DISTRICT.

24. INDEMNITY. DEVELOPER shall be solely responsible and liable for design defects or defects in work performed to construct the FACILITIES required by this Agreement. This shall include liability and responsibility for injury or damage to the work itself. To the fullest extent permitted by law, DEVELOPER shall defend, indemnify and hold the DISTRICT, the DISTRICT's representatives and each of the DISTRICT's officers, employees and agents free and harmless from any and all claims, liabilities, losses, costs, expenses, damages, or injuries to property or persons, including wrongful death, (collectively, "Claims") in any manner arising out of or incident to any acts, omissions or willful misconduct of DEVELOPER, its officials, officers, employees, agents, consultants and contractors resulting from the design or construction of the FACILITIES, except where the Claim has been caused by the sole and active negligence of the DISTRICT. In the event that any suit is instituted naming the DISTRICT as a party, the DISTRICT shall be entitled to appoint its own independent counsel to represent the DISTRICT; and DEVELOPER agrees to pay all attorney's fees and litigation costs associated with this defense. This indemnity shall extend to any claims arising because DEVELOPER has failed to properly secure any necessary easement, land right, contract or approval.

25. AS-BUILT DRAWINGS. Prior to acceptance of the work by DISTRICT, DEVELOPER shall provide the DISTRICT with two (2) blueprint copies of "as-built" drawings. Upon approval of the mylar copies the DISTRICT will require a bonded mylar or original drawing, disk and certification by a licensed engineer in the state of California as to the accuracy and completeness of the "as-built" drawings. DEVELOPER shall be solely responsible and liable for insuring the completeness and accuracy of these as-built drawings.

26. CASH DEPOSITS. DEVELOPER shall provide the DISTRICT with an initial cash deposit in the amount of **\$ 40,717.50** to cover all DISTRICT fees and costs associated with the FACILITIES. When this deposit has been drawn down to **\$ 1,500.00**, DEVELOPER agrees to deposit such additional sums as the DISTRICT may determine from time to time to cover all fees and costs of the DISTRICT. Prior to final acceptance of the project, a final accounting will be forwarded to the DEVELOPER for payment. Additional deposits for additional inspections after acceptance of the project may be requested.

27. MISCELLANEOUS PROVISIONS.

27.1 NOTICES. All notices required pursuant to this Agreement shall be deemed effective upon receipt when personally served or when sent certified mail, return receipt requested to the following addresses:

DISTRICT:

[VALLECITOS WATER DISTRICT
CONTACT: GLENN PRUIM – G.M.
201 VALLECITOS DE ORO
SAN MARCOS, CA 92069]

DEVELOPER:

[TTLC CALWEST, LLC.
CONTACT: RICK SCHROEDER
5927 PRIESTLY DR. SUITE 110
CARLSBAD, CA 92008]

27.2 GOVERNING LAW AND VENUE. This Agreement shall be governed by the laws of the State of California. In the event of any legal or equitable proceeding to enforce or interpret the terms or conditions of this Agreement, the parties agree that venue shall lie only in the federal or state courts in or nearest to the North County Judicial District, County of San Diego, State of California.

27.3 MODIFICATION. This Agreement may not be altered in whole or in part except by a modification, in writing, executed by all the parties to this Agreement.

27.4 ATTORNEY'S FEES. In the event of any legal or equitable proceeding to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to all reasonable attorney's fees and costs in addition to any other relief granted by law. This provision shall apply to the entire Agreement.

27.5 ENTIRE AGREEMENT. This Agreement, together with all the exhibits attached to this Agreement, contains all representations and the entire understanding between the parties with respect to the subject matter of this Agreement. Any prior correspondence, memoranda or agreements are in conflict with this Agreement are intended to be replaced in total by this Agreement and its exhibits.

27.6 ASSIGNMENTS. DEVELOPER shall not be entitled to assign all or any portion of its rights or obligations contained in this Agreement without

obtaining the prior consent of the DISTRICT, which consent shall not be unreasonably withheld. Any purported assignment without the DISTRICT's prior written consent shall be void.

27.7 BINDING EFFECT. This Agreement shall inure to the benefit of and be binding upon the parties and their respective purchasers, successors, heirs and assigns.

27.8 UNENFORCEABLE PROVISIONS. The terms, conditions and covenants of this Agreement shall be construed whenever possible as consistent with all applicable laws and regulations. To the extent that any provision of this Agreement, as so interpreted, is held to violate any applicable law or regulation, the remaining provisions shall nevertheless be carried into full force and effect and remain enforceable.

27.9 REPRESENTATION OF CAPACITY TO CONTRACT. Each of the parties to this Agreement represents and warrants that he has the authority to execute this Agreement on behalf of the entity represented by that individual.

27.10 OPPORTUNITY TO BE REPRESENTED BY INDEPENDENT COUNSEL. DEVELOPER warrants and represents that DEVELOPER has been advised to consult independent legal counsel of its own choosing and has had a reasonable opportunity to do so prior to executing this Agreement.

27.11 NO WAIVER. The failure of either party to enforce any term, covenant or condition of this Agreement on the date it is to be performed shall not be construed as a waiver of that party's right to enforce this, or any other, term, covenant or condition of this Agreement at any later date or as a waiver of any term, covenant or condition of this Agreement.

27.12 COUNTERPARTS. This Agreement may be signed in counterparts, each of which shall constitute an original.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

[SIGNATURES ON FOLLOWING PAGE]

**AGREEMENT FOR CONSTRUCTION OF FACILITIES TO BE
DEDICATED TO THE VALLECITOS WATER DISTRICT**

SIGNATURE PAGE

“DISTRICT” VALLECITOS WATER DISTRICT	
By: _____ Glenn Pruum, Secretary Board of Directors Vallecitos Water District	Dated: _____

“DEVELOPER”	
Name: _____	
Title: _____	
Company: <u>T TLC CALWEST, LLC.</u>	
Signature*: _____	Dated: _____

*Acknowledgment of the signature(s) of authorized representative(s) of DEVELOPER executing this Construction Agreement, by a Notary Public, is required. Attach acknowledgment to this page.

DATE: APRIL 20, 2022
TO: BOARD OF DIRECTORS
SUBJECT: FINAL ACCEPTANCE OF WATER AND SEWER IMPROVEMENTS FOR SUNSET RIDGE SUBDIVISION IMPROVEMENTS (RAECORTE DEVELOPMENT, LLC.)

BACKGROUND:

Raecorte Development, LLC. (Raecorte), current owner of the project, has completed the plan check process with the District. The proposed project is a 14-lot single-family residential development located on Raecorte Place, east off Mycorte Drive in unincorporated San Diego County. The project was originally named Montiel Road Improvements and was submitted by Primo Builders in 2004. The original 9-lot project by Primo Builders was never completed and was later sold and resubmitted by Raecorte proposing 14-lots.

DISCUSSION:

Water and/or sewer facilities for private land development projects are constructed by a developer. When completed to the satisfaction of the District, those facilities are accepted by the Board of Directors and become District property.

The project constructed approximately 630 feet of 8-inch Polyvinyl Chloride (PVC) water main and 485 feet of 8-inch PVC sewer main. Along with the water and sewer mains, assorted appurtenances were installed such as water meters, gate valves, and sewer laterals and manholes.

The local fire agency has reviewed and approved the Improvement Plan requiring the installation of two fire hydrants for this project. The District does not maintain, repair or replace fire hydrants unless specified in a separate agreement.

Upon final acceptance of the project, water and sewer service will be available to 14 single family homes.

The owner has provided the District with the required one-year warranty bond. All current fees and charges have been paid to date.

The previous owners Primo Builders paid a total of \$21,200.00 in water capital facility fees and \$23,850.00 in wastewater capital facility fees for their 9-lot project. The current owner, Raecorte, has paid a total of \$79,014.00 in water capital facility fees and \$49,815.00 in wastewater capital facility fees for the additional five lots.

FISCAL IMPACT:

None. Future water and sewer revenues will offset costs of service.

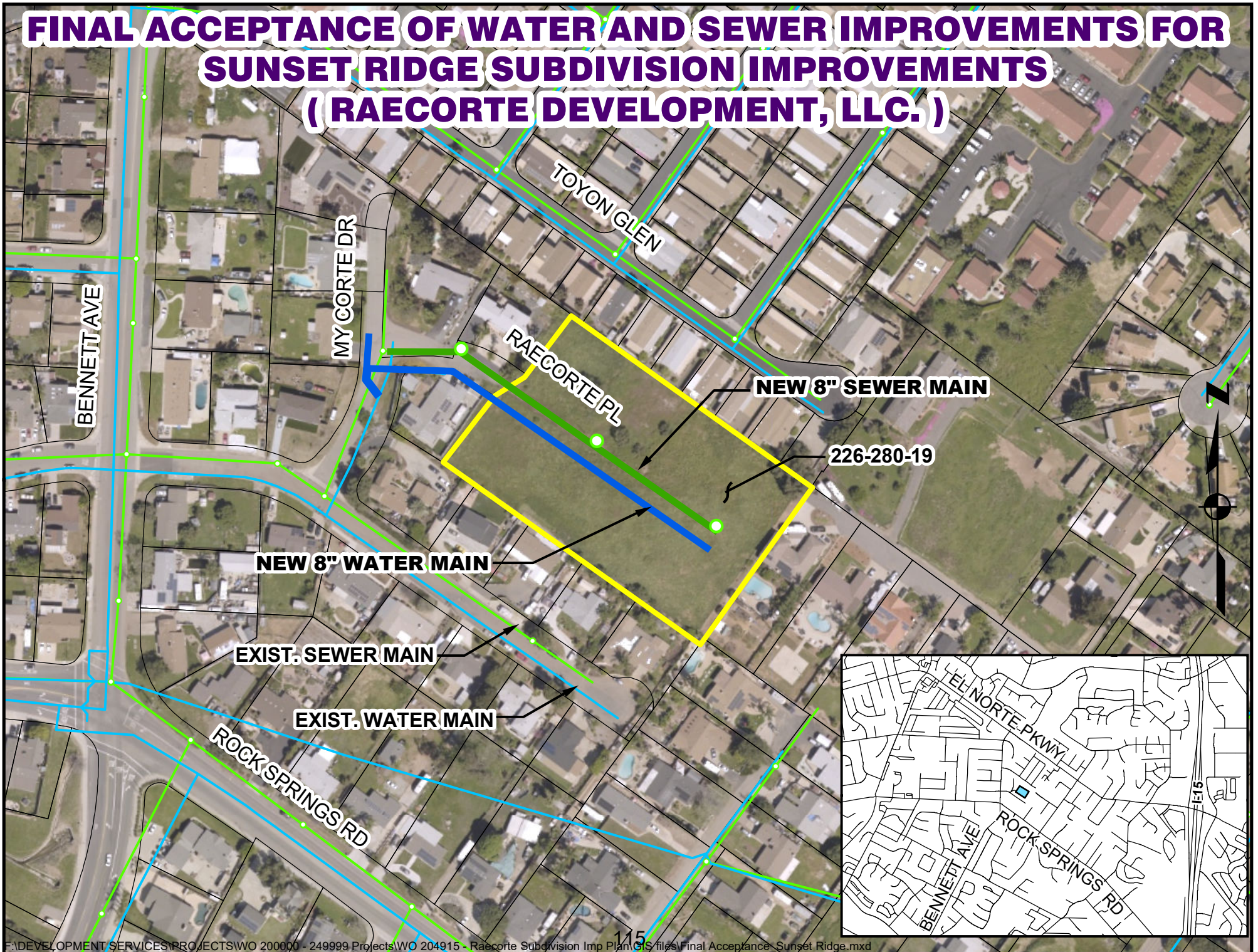
RECOMMENDATION:

Accept the project improvements and authorize the filing of a Notice of Completion for Sunset Ridge Improvements by the owner.

ATTACHMENT:

Map Exhibit – Aerial

FINAL ACCEPTANCE OF WATER AND SEWER IMPROVEMENTS FOR SUNSET RIDGE SUBDIVISION IMPROVEMENTS (RAECORTE DEVELOPMENT, LLC.)



DATE: APRIL 20, 2022
TO: BOARD OF DIRECTORS
SUBJECT: PAY ADJUSTMENT FOR OPERATIONS AND MAINTENANCE CONTRACT COORDINATOR

BACKGROUND:

In July of 2021, the Operations and Maintenance Assistant classification was retitled to Operations and Maintenance Contract Coordinator to better reflect the duties of the position. At that time, the pay range did not change. A pay adjustment is being requested to compensate the incumbent for the change in duties and responsibilities. Revisions to the District's Salary Schedule require Board approval.

DISCUSSION:

In the past the Operations and Maintenance Assistant classification performed a wide variety of administrative and clerical support for the Operations & Maintenance (O&M) Department, including computer work, typing, filing, data entry, and customer service work of a routine nature. In addition, the duties of the position changed over time requiring more contracts support for the O&M Department which later resulted in the retitle to Operations and Maintenance Contract Coordinator.

The O&M Department previously relied on using only purchase orders when hiring contractors or vendors since their projects were small in scope and value compared to most Engineering Department projects. State regulations changed and required the O&M Department to meet new California Department of Industrial Regulations rules. The Operations and Maintenance Contract Coordinator worked with the Operations and Maintenance Manager and the District's attorneys to develop several contracts. Insurance requirements for these various projects were recommended by the District's insurance provider and incorporated into the contracts. The Operations and Maintenance Contract Coordinator works with all six O&M supervisors when they require an outside contractor or vendor, handling the contracts process from start to finish.

The job description was updated to reflect the new duties and responsibilities, which includes developing a scope of work with the supervisors, coordinating the bid process, sending out Requests for Proposals, receiving and reviewing the bids, sending the contract for signatures, requesting appropriate insurance documents and bonds as needed, preparing change orders, issuing the Notice to Proceed, filing a Notice of Completion, and entering projects into the California Department of Industrial Regulations database for compliance.

By centralizing contracts for all of O&M, the supervisors can focus their attention on their respective operational areas, while the Operations and Maintenance Contract Coordinator is more efficient at handling contracts due to their knowledge of the process. This allows for increased productivity and consistency, ensuring that state regulations are being followed, and reducing risk and liability with contract coordination for the District. Having a position specialized in this area is in the District's best interests.

As a result of the above changes in responsibilities, staff recommends raising the pay range for the Operations and Maintenance Contract Coordinator classification by 5% which will result in an equivalent pay increase for the employee. The District has one Contract Coordinator position so this action will only affect one employee.

FISCAL IMPACT:

An increase of approximately \$5,000 for salaries and benefits annually.

RECOMMENDATIONS:

Adopt the resolution to approve the annual pay schedule with the pay adjustments detailed above.

ATTACHMENTS:

Resolution Adopting District Pay Schedule with Exhibit "A", Vallecitos Water District Personnel Classification and Annual Pay Schedule

RESOLUTION NO.

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
ADOPTING THE ANNUAL PAY SCHEDULE WITH THE PAY ADJUSTMENT FOR
OPERATIONS AND MAINTENANCE CONTRACT COORDINATOR**

WHEREAS, to comply with CalPERS regulations, the Board is required to publicly approve a District pay schedule, and the District Pay Schedule has been amended;

WHEREAS, the Board of Directors approved authorized positions and position changes in the budget for Fiscal Year 2021/22;

WHEREAS, the Board of Directors desires to approve the pay adjustment for the Operations and Maintenance Contract Coordinator; and,

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Vallecitos Water District as follows:

DISTRICT PAY SCHEDULE. The Board of Directors does hereby approve and adopt the Vallecitos Water District Personnel Classification and Annual Pay Schedule, attached hereto as Exhibit "A".

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on the 20th day of April, 2022, by the following roll call vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Craig Elitharp, President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Pruiim, Secretary
Board of Directors
Vallecitos Water District

VALLECITOS WATER DISTRICT PERSONNEL CLASSIFICATION Hourly PAY SCHEDULE

has been duly approved and adopted by Vallecitos Water District Board in accordance with requirements of applicable public meeting laws.

Effective 4/20/2022 - Exhibit "A"

POSITION/TITLE	EXPERIENCE STEPS							LONGEVITY	
	A	B	C	D	E	F	G	H	I
Accounting Supervisor	97,852	102,744	107,881	113,275	118,939	124,886	131,130	137,687	144,571
Accounting Technician	60,073	63,076	66,230	69,541	73,018	76,670	80,502	84,528	88,754
Administrative Services Manager	148,141	155,548	163,326	171,492	180,067	189,070	198,523	208,450	218,872
Applications Specialist I	78,563	82,491	86,616	90,946	95,493	100,268	105,281	110,545	116,073
Applications Specialist II	93,192	97,852	102,744	107,881	113,275	118,939	124,886	131,130	137,687
Asset Management Supervisor	100,268	105,281	110,545	116,073	121,877	127,970	134,368	141,087	148,141
Assistant General Manager	171,492	180,067	189,070	198,523	208,450	218,872	229,815	241,306	253,372
Building and Grounds Worker	41,663	43,747	45,934	48,231	50,643	53,174	55,833	58,624	61,555
Capital Facilities Assistant Engineer	76,670	80,502	84,528	88,754	93,192	97,852	102,744	107,881	113,275
Capital Facilities Engineer	95,493	100,268	105,281	110,545	116,073	121,877	127,970	134,368	141,087
Capital Facilities Senior Engineer	110,545	116,073	121,877	127,970	134,368	141,087	148,141	155,548	163,326
Cashier / Receptionist	48,231	50,643	53,174	55,833	58,624	61,555	64,633	67,865	71,259
Chief Technology Officer	121,877	127,970	134,368	141,087	148,141	155,548	163,326	171,492	180,067
CMMS Planner	71,259	74,821	78,563	82,491	86,616	90,946	95,493	100,268	105,281
Construction Inspection Supervisor	84,528	88,754	93,192	97,852	102,744	107,881	113,275	118,939	124,886
Construction Inspector I	63,076	66,230	69,541	73,018	76,670	80,502	84,528	88,754	93,192
Construction Inspector II	73,018	76,670	80,502	84,528	88,754	93,192	97,852	102,744	107,881
Construction Supervisor	84,528	88,754	93,192	97,852	102,744	107,881	113,275	118,939	124,886
Construction Worker I	49,422	51,893	54,487	57,212	60,073	63,076	66,230	69,541	73,018
Construction Worker II	57,212	60,073	63,076	66,230	69,541	73,018	76,670	80,502	84,528
Customer Service Representative I	47,068	49,422	51,893	54,487	57,212	60,073	63,076	66,230	69,541
Customer Service Representative II	53,174	55,833	58,624	61,555	64,633	67,865	71,259	74,821	78,563
Customer Service Representative III	55,833	58,624	61,555	64,633	67,865	71,259	74,821	78,563	82,491
Customer Service Supervisor	78,563	82,491	86,616	90,946	95,493	100,268	105,281	110,545	116,073
Development Services Coordinator	78,563	82,491	86,616	90,946	95,493	100,268	105,281	110,545	116,073
Development Services Senior Engineer	110,545	116,073	121,877	127,970	134,368	141,087	148,141	155,548	163,326
District Engineer	151,800	159,390	167,360	175,728	184,514	193,740	203,426	213,598	224,278
Electrical/Instrumentation Technician	74,821	78,563	82,491	86,616	90,946	95,493	100,268	105,281	110,545
Engineering Services Assistant	63,076	66,230	69,541	73,018	76,670	80,502	84,528	88,754	93,192
Engineering Technician I	57,212	60,073	63,076	66,230	69,541	73,018	76,670	80,502	84,528
Engineering Technician II	66,230	69,541	73,018	76,670	80,502	84,528	88,754	93,192	97,852
Engineering Technician III	76,670	80,502	84,528	88,754	93,192	97,852	102,744	107,881	113,275
Executive Assistant	71,259	74,821	78,563	82,491	86,616	90,946	95,493	100,268	105,281
Facility Locator	63,076	66,230	69,541	73,018	76,670	80,502	84,528	88,754	93,192
Finance Assistant	53,174	55,833	58,624	61,555	64,633	67,865	71,259	74,821	78,563
Finance Manager	148,141	155,548	163,326	171,492	180,067	189,070	198,523	208,450	218,872
General Manager	265,744	265,744	265,744	265,744	265,744	265,744	265,744	265,744	265,744
GIS/CADD Technician	64,633	67,865	71,259	74,821	78,563	82,491	86,616	90,946	95,493
Human Resources Analyst	73,018	76,670	80,502	84,528	88,754	93,192	97,852	102,744	107,881
Information Technology Technician	71,259	74,821	78,563	82,491	86,616	90,946	95,493	100,268	105,281
Landscape Maintenance Worker I	48,231	50,643	53,174	55,833	58,624	61,555	64,633	67,865	71,259
Landscape Maintenance Worker II	53,174	55,833	58,624	61,555	64,633	67,865	71,259	74,821	78,563
Maintenance Services Supervisor	78,563	82,491	86,616	90,946	95,493	100,268	105,281	110,545	116,073
Mechanic	61,555	64,633	67,865	71,259	74,821	78,563	82,491	86,616	90,946
Mechanical / Electrical Supervisor	86,616	90,946	95,493	100,268	105,281	110,545	116,073	121,877	127,970
Meter Service Supervisor	78,563	82,491	86,616	90,946	95,493	100,268	105,281	110,545	116,073
Meter Service Worker I	47,068	49,422	51,893	54,487	57,212	60,073	63,076	66,230	69,541
Meter Service Worker II	54,487	57,212	60,073	63,076	66,230	69,541	73,018	76,670	80,502
Operations and Maintenance Contract Coordinator	55,833	58,624	61,555	64,633	67,865	71,259	74,821	78,563	82,491
Operations and Maintenance Manager	148,141	155,548	163,326	171,492	180,067	189,070	198,523	208,450	218,872

VALLECITOS WATER DISTRICT PERSONNEL CLASSIFICATION Hourly PAY SCHEDULE
has been duly approved and adopted by Vallecitos Water District Board in accordance with requirements of applicable public meeting laws.
Effective 4/20/2022

POSITION/TITLE	EXPERIENCE STEPS							LONGEVITY	
	A	B	C	D	E	F	G	H	I
Principal Financial Analyst	93,192	97,852	102,744	107,881	113,275	118,939	124,886	131,130	137,687
Public Information Representative	74,821	78,563	82,491	86,616	90,946	95,493	100,268	105,281	110,545
Public Information/Conservation Supervisor	88,754	93,192	97,852	102,744	107,881	113,275	118,939	124,886	131,130
Pump and Motor Technician Assistant	53,174	55,833	58,624	61,555	64,633	67,865	71,259	74,821	78,563
Pump and Motor Technician I	61,555	64,633	67,865	71,259	74,821	78,563	82,491	86,616	90,946
Pump and Motor Technician II	71,259	74,821	78,563	82,491	86,616	90,946	95,493	100,268	105,281
Risk Management Supervisor	97,852	102,744	107,881	113,275	118,939	124,886	131,130	137,687	144,571
Safety Technician	67,865	71,259	74,821	78,563	82,491	86,616	90,946	95,493	100,268
Senior Accountant	74,821	78,563	82,491	86,616	90,946	95,493	100,268	105,281	110,545
Senior Construction Worker	66,230	69,541	73,018	76,670	80,502	84,528	88,754	93,192	97,852
Senior Customer Service Representative	60,073	63,076	66,230	69,541	73,018	76,670	80,502	84,528	88,754
Senior Executive Assistant	78,563	82,491	86,616	90,946	95,493	100,268	105,281	110,545	116,073
Senior Pump and Motor Technician	76,670	80,502	84,528	88,754	93,192	97,852	102,744	107,881	113,275
Senior Purchasing Specialist	71,259	74,821	78,563	82,491	86,616	90,946	95,493	100,268	105,281
Senior Wastewater Collections Systems Worker	63,076	66,230	69,541	73,018	76,670	80,502	84,528	88,754	93,192
Senior Wastewater Treatment Plant Operator	76,670	80,502	84,528	88,754	93,192	97,852	102,744	107,881	113,275
Senior Water Systems Operator	73,018	76,670	80,502	84,528	88,754	93,192	97,852	102,744	107,881
Source Control Technician	66,230	69,541	73,018	76,670	80,502	84,528	88,754	93,192	97,852
Systems Administrator	84,528	88,754	93,192	97,852	102,744	107,881	113,275	118,939	124,886
Valve Maintenance Technician	63,076	66,230	69,541	73,018	76,670	80,502	84,528	88,754	93,192
Warehouse Assistant I	48,231	50,643	53,174	55,833	58,624	61,555	64,633	67,865	71,259
Warehouse Assistant II	55,833	58,624	61,555	64,633	67,865	71,259	74,821	78,563	82,491
Wastewater Collection Systems Supervisor	84,528	88,754	93,192	97,852	102,744	107,881	113,275	118,939	124,886
Wastewater Collection Systems Worker I	48,231	50,643	53,174	55,833	58,624	61,555	64,633	67,865	71,259
Wastewater Collection Systems Worker II	55,833	58,624	61,555	64,633	67,865	71,259	74,821	78,563	82,491
Wastewater Treatment Plant Operator I	55,833	58,624	61,555	64,633	67,865	71,259	74,821	78,563	82,491
Wastewater Treatment Plant Operator II	64,633	67,865	71,259	74,821	78,563	82,491	86,616	90,946	95,493
Wastewater Treatment Plant Supervisor	90,946	95,493	100,268	105,281	110,545	116,073	121,877	127,970	134,368
Water Systems Operator I	55,833	58,624	61,555	64,633	67,865	71,259	74,821	78,563	82,491
Water Systems Operator II	64,633	67,865	71,259	74,821	78,563	82,491	86,616	90,946	95,493
Water Systems Supervisor	90,946	95,493	100,268	105,281	110,545	116,073	121,877	127,970	134,368

DATE: APRIL 20, 2022
TO: BOARD OF DIRECTORS
SUBJECT: WATER SUPPLY CONDITIONS UPDATE AND GOVERNOR'S REQUEST

BACKGROUND:

On October 25, 2021, General Manager Pruiam declared a Level 1 – Drought Watch (voluntary) condition within the Vallecitos Water District service area.

DISCUSSION:

According to a University of California Los Angeles (UCLA) analysis, the western United States is the driest it's ever been in at least 1200 years. California's Sierra snowpack sits at just 38% of its average, which spells trouble for the amount of water the state will have access to this year.

The Northern Sierra 8-Station Precipitation Index shows values of 72% for the new water year. Snowpack water content statewide is 22% of average. Lake Oroville is at 48% of capacity and the San Luis Reservoir is at 46% of capacity.

On the Colorado River, Lake Mead is currently 33% full and Lake Powell is 24% full. Upper Basin precipitation is 97% to date.

Locally, the National Weather Service/NOAA three-month temperature outlook shows the San Diego area as "above normal favored." Precipitation is "equal chances" to be above or below normal.

Last month, Governor Gavin Newsom issued an Executive Order asking Californians to limit summertime water use and directing the State Water Resources Control Board to adopt emergency regulations that require urban water suppliers that have adopted a Water Shortage Contingency Plan to implement, at a minimum, Level 2 of those plans. The State Water Board is also charged with adopting emergency regulations defining "non-functional turf" and banning irrigation of non-functional turf in the commercial, industrial, and institutional sectors. An exception is made to ensure the health of trees and other perennial non-turf plantings.

The District's 2020 Urban Water Management Plan and Water Shortage Contingency Plan was approved by the Board of Directors on June 16, 2021. New requirements in these documents require that water districts modify drought ordinances to include six (6) levels of drought.

The District worked to expand the old Drought Ordinance No. 198 from four to six drought levels, including a Level 2 Drought Alert – 20% Reduction. Declaring a Level 2 Drought Alert requires action by the Board of Directors. Text which follows is an excerpt from new Ordinance No. 219 related to a Level 2 Drought Alert.

(a) **LEVEL 2 MANDATORY CONSERVATION PRACTICES**

(1) *Residential and commercial landscape irrigation is limited to no more than three assigned days per week from June through October and no more than two days per week, from November through May, on a schedule established by the General Manager and posted by the District. This shall not apply to commercial growers, agricultural water accounts or nurseries.*

(2) *Drought Rates are in effect at the Drought Alert Rate.*

At the Public Awareness/Personnel/Policy Committee meeting of April 4, 2022, the Committee recommended that the District move to the Level 2 – Drought Alert status with customers voluntarily reducing their irrigation to two days per week on a schedule of their own choosing. Ongoing permanent drought restrictions remain in effect.

FISCAL IMPACT:

Moving to a Level 2 – Drought Alert would invoke the “Drought Alert” rate. However, the District currently does not have drought rates, but they are a component of the new rate study.

RECOMMENDATION:

Declare a Level 2 – Drought Alert within the Vallecitos Water District’s service area, with customers irrigating two days per week through May and three days per week from June through October, on a schedule of their own choosing.

DATE: APRIL 20, 2022
TO: BOARD OF DIRECTORS
SUBJECT: 2022 COST OF SERVICE STUDY UPDATE

BACKGROUND:

The last full Cost of Service Study (COSS) was completed in August 2017 and was amended in February 2020 by the District's consultant, Raftelis. It is recommended that a full COSS be done approximately every 3 to 5 years.

A COSS requires that there is an equitable allocation of costs to customers and there is a cost-based foundation for compliance with Proposition 218. As part of the compliance, Raftelis is drafting a Comprehensive Water Cost-of-Service Study which quantifies the amount of rate revenues that must be collected from each customer class based on their unique demand characteristics.

DISCUSSION:

In June 2020, Raftelis was selected to provide a full COSS for the water fund to review rate structure alternatives in addition to looking at methods to pass through costs from the San Diego County Water Authority to the customer.

On November 22, 2021, the Finance and Investment Committee was provided with an update on the progress of the COSS, which included a timeline and some potential rate scenarios. The progress was then shared with the full Board on December 15, 2021.

On April 11, 2022, staff provided an update to the Finance and Investment Committee and presented the proposed calendar, pass-through charges, drought rates, the Prop 218 process, and the proposed change in the Prop 218 notice to include 5 years of rates.

FISCAL IMPACT:

None.

RECOMMENDATION:

For informational purposes only.

DATE: APRIL 20, 2022
TO: BOARD OF DIRECTORS
SUBJECT: SAN DIEGO NORTH ECONOMIC DEVELOPMENT COUNCIL
(SDNEDC) ANNUAL ECONOMIC SUMMIT

BACKGROUND:

The San Diego North Economic Development Council (SDNEDC) will be holding its 9th Annual North County Economic Summit on Wednesday, May 11, 2022, from 7:00 a.m. to 10:00 a.m. at the California State University San Marcos Ballroom. The SDNEDC is not on the list of organizations for which meetings are considered compensable under District Ordinance No. 216; therefore, prior approval for per diem and expense reimbursement is required.

FISCAL IMPACT:

Individual tickets are \$140.

RECOMMENDATION:

Request Board direction.

ATTACHMENT:

Information regarding the 9th Annual North County Economic Summit



CEO Message for April 5th

North County Economic Summit Presents by Wells Fargo

May 11th, 2022

On May 11th from 7 a.m. to 10:00 a.m. at CSU San Marcos SDNEDC will host the 9th annual North County Economic Summit with the generous help of our presenting sponsor, Wells Fargo. For nine years SDNEDC has been convening over 400 leaders from throughout North County to hear insights about how national and international economic trends will impact North County.

This could be one of the most consequential summits in SDNEDC's history. Inflation has become a much more central factor in the economy and interest rates hikes could put an end to nearly two decades worth of accommodative fiscal policy. Housing prices in North County have risen to unprecedented levels. The great "reset" has dramatically disrupted labor force dynamics with technical talent being in extremely short supply and wages increasing as companies compete for skilled workers. How these and other trends will play out in 2022 and 2023 could have a dramatic impact on both private and public sector entities in North County.

This year's keynote speaker is Mark Vitner, Managing Director & Senior Economist from Wells Fargo, who will provide a national and state forecast. New this year will a subsequent set of rapid "TED"-like talks about three aspects of North County's economy significantly changed by COVID19. Bob Rauch, CEO of RAR Hospitality and a hotel owner in North County, will kick things off with his views of how North County multi-billion dollar tourism industry will fare in 2022. Next will be Mark Stuart, CEO of the San Diego Foundation, discussing how the non-profit sector is fairing in a post-COVID world. Finally, Josh Williams, SDNEDC's senior advisor and President of BW Research, will discuss how the world of work and labor force dynamics look in a post-pandemic world.

As in past years, we also will be distributing the hard copy version of the North County Indicators Report. This year we have changed the publication to make it more reference friendly, providing attendees with a resource to quickly find key data points about North County